CRESSI Working papers

The CRESSI project explores the economic underpinnings of social innovation with a particular focus on how policy and practice can enhance the lives of the most marginalized and disempowered citizens in society.

CRESSI Working Papers
No. 18/2015

EU Public Policy, Social Innovation and Marginalisation: Reconciling ambitions with policy instruments

By Daniel Edmiston

Part of deliverable 6.1 of the CRESSI research programme

ISBN: 978-0-9932078-7-7

CRESSI Working Papers are published by the CRESSI Project and may be downloaded free of charge from the CRESSI website: www.sbs.ox.ac.uk/cressi

Cr | E | S | S | I

Creating Economic Space for Social Innovation

EU Public Policy, Social Innovation and Marginalisation: Reconciling ambitions with policy instruments[1]

Introduction

In recent years, social innovation has become an increasingly prominent concept employed by political leaders and administrations. It has been posited as a solution to both old and new social risks at a time of heightened uncertainty and pressure on public administrations and finances (Bonoli, 2005; OECD, 2011; Sinclair and Baglioni, 2014). Innovation more generally has been an enduring interest and concern of policy direction (Borzaga and Bodini, 2014). However, only in the last two decades has *social* innovation captured the political interest of supranational organisations and domestic actors (Pol and Ville, 2009; Grisolia and Ferragina, 2015).

Particularly since 2003, the Organisation for Economic Co-Operation and Development (OECD) has supported a range of initiatives and research to promote inclusive entrepreneurship and 'improve social cohesion through the identification and dissemination of local innovations'. In 2009, President Barack Obama established the *Office of Social Innovation and Civic Participation* to support cross-sectoral bottom-up solutions to social problems and challenges. Across the Atlantic, social innovation has proven equally conspicuous in pan-European strategies and domestic policies. A key feature of the Europe 2020 strategy is to facilitate and embed social innovation across Europe to 'deliver the kind of inclusive and sustainable social market economy we all want to live in' (BEPA, 2010a: 16). The strategy is underlined by a series of flagship initiatives and process innovations to encourage EU member states to realise their economic *and* social potential. These activities are being informed and supported by the EU's largest public research funding programme *Horizon 2020* (European Commission, 2013b). A key research priority of this programme is to establish the origins and effects of social innovation as well as the efficacy of policy instruments. A principal objective of this paper is to establish exactly how the concept of social innovation has been understood, applied and managed by pan-European organisations. In 2013, the World Economic Forum published a policy guide on how to scale social innovation and thereby tackle social, economic and environmental challenges.

In spite of it's varied and often inconsistent use, 'the current interest in social innovation transcends both national borders and political divisions' (Sinclair and Baglioni, 2014: 469). What then has stimulated such an applied and conceptual bi-partisan preoccupation? There are various accounts that attempt to rationalise the relatively recent and expedient interest in its potential. A particularly influential explanation for its rising popularity is the financial crisis of 2007-08 and the ensuing 'Great Recession' (Jenkins et al., 2012). Constraints on public expenditure have challenged the state's capacity to respond to and address social problems. Within this context, social innovation has regularly been cited as a means 'to do and achieve more with less' (TEPSIE, 2014). During his presidency of the European Commission José Manual Barroso stated that 'the financial and economic crisis makes creativity and innovation in general, and social innovation in particular, even more important… at all levels for the benefit of our citizens and societies'.

[1] Suggested citation: Edmiston, D. (2015). EU Public Policy, Social Innovation and Marginalisation: Reconciling ambitions with policy instruments. *CRESSI Working Paper Series No. 18/2015*. Oxford: University of Oxford.

This in part reflects a crisis with mature capitalist economies and the response from traditional welfare systems (Taylor-Gooby, 2013). Endogenous and exogenous factors are propagating old social problems, as well as creating new social risks. Demographic and familial change, socio-economic globalisation and structural underemployment are bearing down on public finances and challenging the state's capacity to respond to these phenomena (Caulier-Grice et al., 2012). Many have suggested that a reconsideration of how welfare is financed and delivered is needed with some turning to consider the promises of the social economy and social investment as a policy response. Paradigmatically, rising interest in social innovation reflects a recognition that old or institutionalised policy responses inadequately address the *distinct* but *integral* domestic shifts and international challenges facing EU member states (Chen et al., 2014).

Whether this marks an ideological shift or continuation in the strategy of pan-European institutions and EU member states is less clear. Some have argued that social innovation, in its various permutations, is symptomatic of a 'neoliberal orthodoxy' that draws on the 'eclectic concept to dissimulate political choices, legitimated by the doctrine of budgetary constraints' (Grisolia and Ferragina, 2015: 167). Such academic and political commentators have suggested that social innovation represents a marked withdrawal of the state from social welfare and a liberalisation of need provision and social assistance. In spite of its promises, many have argued that social innovation, both conceptually and in its implementation, obscures the structural determinants of social and economic problems (Grisolia and Ferragina, 2015).

Others are less critical of social innovation and suggest that its privileged position in EU policymaking at present, demonstrates a profound disaffection with the 'neoliberal' policies implemented over the course of the last three decades in the European Union. The liberalisation and deregulation of welfare functions and services have, in many instances, not had the desired effects that were expected. This has brought into question the capacity of the free market economy to meet both social and economic needs. It has been suggested that this 'crisis of capitalism' has induced political administrations to look for alternative models of production and consumption – not only within the welfare sector but also the private sector (Langergaard, 2014; Green and Hay, 2015). According to this interpretation, the prominence of social innovation represents an increasing appreciation for the structural causes of inequality and social problems. As Borzaga and Bodini (2014: 411) note, 'the ensuing quagmire has left policymakers looking for new solutions that can enable them to tackle growing social problems with dwindling resources'. That *social* innovation is considered a policy priority within an essentially *economic* union has been deemed a measure of success in certain respects.

Of course, there is some contestation as to whether the strategy and vision for a *Social* Europe matches the implementation of policy targets and measures. Many are sceptical of the Europe 2020 strategy and its capacity to tackle poverty, inequality, structural unemployment, health and demographic challenges (Nolan and Whelan, 2011). This scepticism is justified by an evident tension between the philosophical orientations and governance mechanisms of Europe 2020 and the social objectives and targets it purports to meet (Daly, 2012).

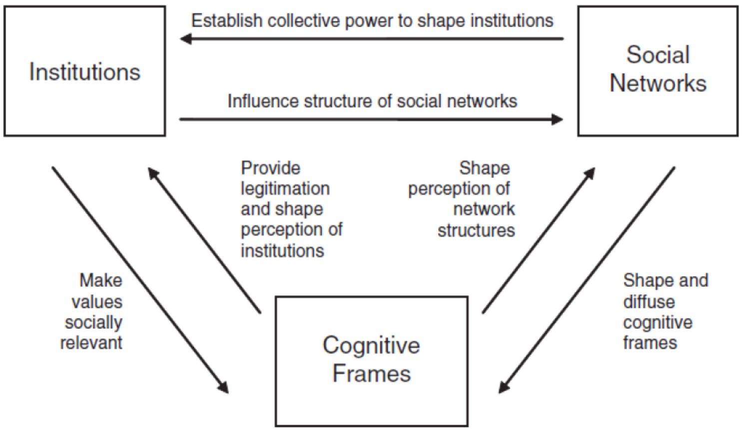
It becomes particularly difficult to discern the origin, role and effect of social innovation within this morass when its meaning and application are so disparately employed. In spite of its presence at the fore of EU public policy, there is very little consensus on the meaning and interpretation of social innovation (Mulgan et al., 2010). Pol and Ville (2009: 878) argue that there is ‘no consensus regarding its relevance or specific meaning in the social sciences and humanities. Some analysts consider social innovation no more than a buzzword or passing fad that is too imprecise to be usefully applied’. Conceptual and applied differences abound to such an extent that the term social innovation is used in a variety of contexts to refer to a multiplicity of activities, features, processes and outcomes. Many have suggested that this ‘ultimately undermines the effectiveness of the concept of social innovation, both as an analytic construct and as a framework for developing new policies’ (Borzaga and Bodini, 2014: 412). Others point to the speculative potential of social innovation in tackling old and new social problems in an unconstrained and transformative manner.

Whilst this paper pays some attention to definitional issues of social innovation and the potential implications of conceptualising social innovation in a particular way, the principle objective of this paper is to identify and review ‘social innovation in the context of European policymaking’ (Borzaga and Bodini, 2014: 412). As such, the range of ways in which social innovation has been conceptualised and translated into European public policy are considered at the Pan-European level. This paper is part of a deliverable of the four-year (2014-2018) research programme: *Creating Economic Space for Social Innovation* (CRESSI). One of the primary objectives of the research programme is to explore how public policy agendas might better cultivate social innovation to enhance the lives of the most marginalised and disempowered citizens in Europe. This paper offers a non-exhaustive policy survey to establish the current status of social innovation public policy agendas and considers the extent to which these policies are able to tackle social exclusion for marginalised and vulnerable populations across the European Union.

Analytical framework

The analytical framework developed for this project draws upon three distinct but complementary theoretical orientations that focus on the processes and dynamics of systemic continuity and change; the power domains exigent upon these phenomena; and the contingent effects on human capabilities that arise as a result. From this framework it is possible better to understand the structural determinants of marginalisation and social innovation that operate within the market and social sphere. In order to tackle marginalisation, it is necessary to identify and address the structural processes that give rise to it. Similarly, the conditions under which social innovation flourishes or fails need fully to be understood to explore its potential as a driver of structural change and/or re-alignment. Viewed in this way, social innovation is essentially ‘changes in the cultural, normative or regulative structures (or classes) of society that enhance its collective power resources and improve its economic and social performance’ (Heiskala, 2007: 59).

Jens Beckert’s theory (2009; 2010) on the social order of markets is particularly helpful in this regard. Beckert (2009) offers a critique of liberal economic theory to contest the role of self-interest, uncertainty and institutions in market exchange. Most useful for our purposes though is Beckert’s synthesis of a number of institutionalist approaches that point to the institutional, cultural and social embeddedness of macro-structural dynamics and individual action. Relational patterns and socio-structural linkages (Granovetter, 1985; White, 2002); policies, rules and laws manifested in institutions (Dobbin, 1997; Fligstein, 2001; Welter and Smallbone, 2011); and cultural, interpretive and cognitive structures (Zelizer, 1997) all have a bearing on the character and dynamics of social and market fields. Rather than considering these three key 'social forces' in isolation from one another, Beckert (2010) suggests that these arenas of structuration should be considered as a part of a Social Grid whereby they operate in dialectic with one another to affect the social order of the market.



The Social Grid and the co-evolutionary relationships therein are able to capture 'interaction between actors and their institutional, cultural, and social embeddedness. These social macrostructures and their dynamic changes play a more fundamental role in the study of ordering processes' (Beckert, 2009: 264) than any liberal economic or fragmented conception of market fields. Extending this Social Grid beyond the remit of traditional market fields, it is possible to see how 'institutions', 'social networks' and 'cognitive frames' can shape the social and economic space within which marginalisation and social innovation occur.

> 'I argue that networks, institutions, and cognitive frames are irreducible and that one important source of market dynamics stems from their interrelations. The structures lead to the stratification of fields by positioning actors in more or less powerful positions. At the same time, actors gain resources from their position which they can use to influence institutions, network structures, and cognitive frames. To simultaneously consider all three social forces in market fields and their reciprocal influences allows us to consider their interrelations as sources of field dynamics' *(Beckert, 2010, p. 606).*

From the international to the local level, institutions profoundly affect social relations and the capabilities of European citizens. Policies, laws and regulations control the (re-) distribution of resources and services. This influences the extent to which individuals are marginalised from common experiences and opportunities available across the European Union. Political, economic and social institutions reproduce rules and norms that can constrain or enhance social innovation to address these phenomena. Social networks existing between and within EU member states determine the structure of social divisions. Patterned relations between individuals, groups and communities will dictate whether a particular social innovation is suitable, how it might work and what its effects could be. Finally, dominant attitudes (or cognitive frames) inform how socio-economic phenomena are understood and explained by the general public and policy-makers. Shared or common interpretations of societal challenges frame what solutions are conceived of as possible or appropriate. For example, established ways of thinking and assumptions about the causes of poverty and social exclusion, inform policy responses to marginalisation and the extent to which social innovation is framed as a solution.

The second theoretical contribution informing CRESSI's analysis of social innovation and marginalisation centres on the work of sociologist Michael Mann. Mann (1986) advances a non-unitary conception of society and societal change that embraces explanatory pluralism. According to Mann, the intersection and interaction of different power domains and networks shapes social macrostructures and agency in unpredictable and complex ways. There are four irreducible social sources of power: ideological, economic, political and military relationships (Mann, 1986). These sources of power play a significant role in shaping individual and collective agency over our environment and one another. The ability to control and affect change is affected by hybrid networks of power that intersect to alter socio-structural relations. In turn, these relations shape the extent and character of marginalisation and social innovation.

The organisational structure of power 'will depend on continuous interaction between what power configurations are historically given and what emerges within and among them' (Mann, 1993: 10). The concentration and dispersion of power affects these relations and the extent to which it is possible for social innovation to address societal challenges. Power can be exercised within and across cultural, economic, military, political, scientific and environmental domains to enact the macro-structural context. The administration and implementation of social innovation embodies a variety of means and ends that work across these domains. The potential of social innovation is, therefore, dependent on power relations that exist within and across these areas. This raises questions about the relationship between power, marginalisation and social innovation. For example, who decides the priorities and strategic framework of the European Union? How do institutions govern the behaviour and outcomes of European citizens (particularly those that are marginalised)? Who controls common or shared ways of thinking? What role can social networks play in instigating a realignment of power when they are concurrently subject to power relations? The transference of power from the powerful to the powerless helps ensure that social innovations are enacted, but more importantly, that these are implemented in a way that maximally benefits the most disempowered citizens in Europe. Accordingly, if social innovation and innovative social policies intend to tackle marginalisation through structural change, it is necessary to take account of, and where possible address, the power imbalances that exist at an individual, collective and institutional level.

Power is essentially the means to realise a diverse set of human goals. However, power acquires its social significance when an individual or group exercise their 'capacity to get others to do things that otherwise they would not do' (Mann, 2013: 1). The execution and distribution of power can be seen as contingent on and shaping the extended Social Grid and the dynamics therein. In light of this conception of power and the socio-structural dynamics that lead to marginalisation, the phenomenon of social exclusion is neither purely a material circumstance nor a social relation. It is also a marker of an individual's ability to exercise power and agency over their environment and circumstance. To overcome marginalisation, some realignment in power relations is needed if individuals are able to fully self-determine. The capabilities approach to human development and empowerment is particularly helpful in this regard and is the third theoretical contribution that informs CRESSI's analytical framework.

Developed by Amartya Sen (1999) and Martha Nussbaum (2006), the capabilities approach is principally concerned with the real freedoms and opportunities one has at their disposal to do and be what they have reason to value. This adds a normative dimension to CRESSI's approach by considering the distributional and relational effects of socio-structural dynamics from the perspective of marginalised and disempowered citizens. This enables the project to go beyond an analysis that focuses purely on the economic effects of social innovation to consider the extent to which social innovations have affected the empowerment and self-actualisation of marginalised individuals. Capabilities are essentially a 'power to' do and be something that is central to human dignity and self-determination. The status of capabilities then is largely reliant upon distributive and collective power. Understood in this way, 'the real opportunity that we have to accomplish what we value' (Sen, 1992: 31) is the source and outcome of tackling marginalisation and altering power relations to increase well-being.

From this, it is possible to develop a new definition (and perhaps, ambition) for social innovation tackling marginalisation through structural change. Social innovation can be described as:

> The development and delivery of new ideas and solutions (products, services, models, markets, processes) at different socio-structural levels that intentionally seek to change power relations and improve human capabilities, as well as the processes via which these solutions are carried out (Nicholls and Ziegler, 2014: 2).

Adopting this definition opens up the opportunity for unique social explanation and policy analysis. Taking a non-reductive approach that accounts for the multifarious ways in which marginalisation occurs and how social innovation may help, it is possible to assess the effectiveness of social innovations and the existing policy landscape in the Europe Union.

Social Innovation and Public Policy

There are a number of conceptual and empirical challenges in seeking to map differences and commonalities between social innovation policy agendas at the domestic and pan-European level. This paper serves as a data collection exercise to identify how social innovation is understood and supported at the European Union level. This is a necessary step if we are to identify the different contextual factors that give rise to marginalisation, social innovation and particular policy responses. However, the diversity of the social, economic and institutional environments considered in this research makes it difficult to systematically track, let alone compare, how social innovation operates and the conditions under which it flourishes.

This challenge is exacerbated by the fact that social innovation as a concept and phenomenon is essentially (and perhaps necessarily) emergent and contested. Policymakers, practitioners and academics all differ in what they understand social innovation to be. A distinction can be drawn between 'policies *for* social innovation' and 'policies *as* social innovation'. 'Policies *for* social innovation' include those designed to support social institutional entrepreneurship, social service entrepreneurship and social change entrepreneurship. 'Policies as social innovation' denote those measures fostering public sector innovation through social policy entrepreneurship and social entrepreneurship policymaking via regulations, fiscal policy and public procurement.

Some argue that social innovation is defined by its process, methods and socio-structural function; others define social innovation according to preceding approaches and organisational forms; whilst others believe social innovation is characterised by its outcomes and objectives. Many of the most influential definitions conflate these different dimensions to describe the essence of social innovation. Very often however, it is less clear which characteristics (or even outcomes) are necessary and/or sufficient conditions. Some suggest that the 'uses and definitions of the concept are so disparate that it is becoming increasingly difficult to assess whether social innovation is in fact a helpful construct or just another fad that will soon be forgotten' (Borzaga and Bodini, 2014: 411).

Jenson (2012) argues that social innovation is effectively a 'quasi concept' that has a reputable intellectual basis but is equally exposed to theoretical, analytical and empirical criticism. The conceptual malleability of the term and phenomenon make it particularly susceptible to modification and reinterpretation. With its character so loosely and inconsistently defined, social innovation can be understood as: 'a hybrid, making use of empirical analysis and thereby deploying scientific methods, but simultaneously having an indeterminate quality, making it adaptable to a variety of situations and flexible enough to follow the twists and turns of policy' (Jenson, 2012).

This perhaps comes some way to explain why popularity and interest in the term has gained such momentum in recent years. Beyond its capacity to affect social change in an innovative manner, there is little agreement as to the nature, role and purpose of social innovation. Due to the conceptual and empirical malleability of the term, social innovation has the capacity to 'be many things to many people' (Grimm et al., 2013). Bi-partisan, cross-sectoral interest in social innovation does not necessarily reflect a re-alignment of values, practices and interests. Rather, it may well be that the indefinite character of social innovation is able to accommodate a plurality of applications and motivations.

> This is also a part of the explanation of why social innovation is gaining speed. Today, there is no definite consensus about the term 'social innovation'. There are a range of definitions and interpretations around, in which linguistic nuances and different social, economic, cultural and administrative traditions play a role (European Commission, 2013b: 5).

A principal objective of this paper is to identify how the broad concept of social innovation manifests itself in divergent contexts and how it is variously understood and supported across public policy agendas. Due to its polysemic nature, it is hard to identify the phenomenon and impact of social innovation. Not only this, it is also hard to evaluate the impact of social innovation policies and hold public authorities, organisations and actors to account when allocating resources or funding. An ostensible claim to be social or innovative does not necessarily count as such. There is a danger that false definitions, ideals and descriptions are superimposed onto a phenomenon or initiative with markedly different origins and motivations. A measurable impact of a state intervention could be construed or presented as social innovation to obscure underlying policy objectives. Equally, social innovation may be supported through policy instruments and agendas in ways that are neither recognised nor intended.

This is perhaps the biggest challenge and limitation of a policy survey on social innovation: the character and impact of social innovation is far from established. With this in mind, this paper considers the different ways in which social innovation appears to be understood and supported. By identifying the differences and similarities in how public policy agendas conceive of and support social innovation, it is hoped it will be possible to establish some of the factors shaping this emergent concept and phenomenon in public policy discourse.

An EU interpretation of Social Innovation and Marginalisation

As stated at the outset, there has been a burgeoning interest in the concept and practice of social innovation in Europe in recent years (Borzaga and Bodini, 2014). This has been strongly driven by a growing recognition of the role social innovation might play in tackling societal, economic and environmental challenges. In a recent report prepared by the DG Regional and Urban Policy and the DG Employment, Social Affairs and Inclusion, there was broad recognition that growing interest in social innovation was intimately linked to the Great Recession, structural unemployment and the social challenges arising as a result (European Commission, 2014i). In political and policy rhetoric, the European Union repeatedly cites social innovation as a solution to the persistence of socio-economic, environmental and demographic challenges. The European Union and its attendant public authorities emphasise that these challenges are placing increasing pressure on Europe's systems of welfare, health, education and care provision. Budgetary constraints and increased demand on public services has fuelled the desire to capitalise on social innovation so that public and private actors are able to do and achieve more with less (TEPSIE, 2014). Not only is social innovation understood as a means to achieve an end in this regard, it is also recognised as an end in itself.

It is widely recognised that societal, economic and institutional change is required if Europe is to meet the challenges it faces (BEPA, 2010b). Social innovation has been acknowledged by the European Commission as 'another way to produce value, with less focus on financial profit and more on real demands or needs… for reconsidering production and redistribution systems' (European Commission, 2014i: 8). According to the European Commission, this requires multilateral coordination of public agencies to reconsider the purpose of and approach to 'social, health and employment policies, but also at education, training and skills development, business support, industrial policy, urban development, etc., to ensure socially and environmentally sustainable growth, jobs and quality of life in Europe' (European Commission, 2013b: 5).

This conception of social innovation and its potential is largely shaped by the definition of social innovation employed by the European Commission. In its earlier stages, the EC was reluctant to commit to one definition because it was believed that 'social innovation, as a new and emerging concept, cannot be encapsulated within a tight definition with strictly designated, objectives and means' (BEPA, 2010a: 30). The Bureau of European Policy Advisers argued that there were a number of facets to social innovation that needed to be attended to or accommodated within a common *working* definition employed by the European Union:

> Social Innovation relates to the development of new forms of organisation and interactions to respond to social issues (the process dimension). It aims at addressing (the outcome dimension):
>
> 1. Social demands that are traditionally not addressed by the market or existing institutions and are directed towards vulnerable groups in society.
> 2. Societal challenges in which the boundary between 'social' and 'economic' blurs, and which are directed towards society as a whole.
> 3. The need to reform society in the direction of a more participative arena where empowerment and learning are sources and outcomes of well-being.

Source: BEPA (2010a)

According to BEPA, these objectives of social innovation are not mutually exclusive. Meeting social demands, societal challenges and encouraging empowerment as a source and outcome of well-being are understood as interdependent and mutually reinforcing objectives of social innovation. Innovations that address social needs are able to address societal challenges and through the development of new forms of organisation and social interaction it is possible to facilitate empowerment and active participation. This definition and approach has the capacity to transform the socio-structural dynamics and fields of power that give rise to marginalisation. Crucially, active participation and empowerment of those experiencing marginalisation is seen as a precursor and essential objective of social innovation.

Since 2010, the proportion of the European population experiencing poverty or social exclusion has grown from 23.7 per cent to 24.5 per cent in 2013 (Eurostat, 2015). As part of the Europe 2020 strategy, the European Commission has sought to tackle the prevalence of marginalisation across Europe. The European Commission states that an 'at-risk-of poverty and social exclusion' (AROPE) indicator captures the multi-dimensional nature of marginalisation and the multiple factors that lead to poverty and social exclusion. This includes non-monetary aspects and factors of disadvantage that increase the prevalence and risk of social exclusion. This headline indicator refers to individuals that experience at least one of the following:

- Having an equivalised disposable income (after social transfers) that is below 60 per cent of the national median income. Those individuals living in a household with an income below this threshold are understood to be **at risk of poverty**;
- **living in a household with very low work intensity.** This is defined by the number of months working-age household members actually work over the course of a reference year compared to the number of months they could theoretically work over the same period. Those households with a work intensity ratio of less than 0.20 are deemed to suffer from low work intensity. Children, students below 24 and people aged 60 or more are excluded from this indicator;
- those with an enforced inability to afford some items considered by most people to be desirable or even necessary to lead an adequate life. Individuals living in a household that is unable to afford at least four of the following items are understood to be suffering from **severe material deprivation**: to pay their rent, mortgage or utility bills; to keep their home adequately warm; to face unexpected expenses; to eat meat or proteins regularly; to go on holiday; own a television set; a washing machine; a car; and a telephone. An individual is defined as experiencing material deprivation if they are unable to afford at least three of the aforementioned items. The indicator distinguishes between those who cannot afford a particular item and those who do not have it for another reason including that they may not want it.

Whilst the indicator employed by the European Commission does not capture the capabilities dimension, it does represent empirically detectable factors of disadvantage that may lead to blocked capabilities. Poverty, social exclusion or material deprivation do not necessarily lead to a lack of capabilities but they almost certainly lead to a lack of central capabilities and limit the capacity of individuals to do and be what they value. In addition, the indicators offer the most consistent, detailed and up-to-date data available on marginalisation across the five countries considered. Alongside these factors of disadvantage, the European Commission argues that 'unemployment is the main cause of poverty for the work-age population'

(European Commission, 2010b: 4). Invariably, this informs Europe 2020's overall strategy for tackling marginalisation but also how the European Union views the roll of social innovation in this process:

> the fight against poverty and social exclusion needs to rely on growth and employment as well as on modern and effective social protection. Moreover, innovative social protection intervention must be combined with a broad set of social policies including targeted education, social care, housing, health, reconciliation, and family policies, all areas where welfare systems have so far tended to intervene with residual programmes (European Commission, 2010b: 5).

It is particularly interesting to note that the European Commission now defines social innovation as:

> the development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations. It represents new responses to pressing social demands, which affect the process of social interactions. It is aimed at improving human well-being. Social innovations are innovations that are social in both their ends and their means. They are innovations that are not only good for society but also enhance individuals' capacity to act (European Commission, 2013b: 6).

This paper explores how this definition (or perhaps ideal) is translated and realised in the EU policymaking process. As such, it is necessary to consider what bearing European Union strategies, policies and initiatives have on social innovation and, where relevant, their capacity to tackle marginalisation. This paper explores how EU regulatory frameworks, funding and finance instruments, research, training, support, capacity building, incubation and public sector reform have shaped the environment for social innovation. In particular, how different policy instruments attempt to support social innovation and what potential this has to affect its capacity and character. First, we turn to consider the dominant policy programmes that are currently informing the overall direction and conceptualisation of social innovation in the EU policymaking process.

Policy Frameworks

The European Union has and continues to support a range of measures designed to instigate, embed, and support social innovation. These measures are generally considered 'rich but scattered' (BEPA, 2010a: 46) operating across diverse policy domains and different socio-structural levels. Nonetheless, there are three core policy frameworks that underpin and give cohesion to these activities. These are the Europe 2020 Strategy (2010 - 2020), the Social Business Initiative and the Social Investment Package. These policy frameworks provide an overall logic and organisational structure to the social innovation measures currently in operation. Importantly, they also articulate the broader social, political and economic objectives of the European Union, and towards which, social innovation policies are intended to contribute. The European Commission suggests that social innovation has 'found fertile ground in this new context as a public policy concept and as a movement to be encouraged' (European Commission, 2014i: 59). Importantly though, social innovation policies have to be viewed within their broader setting to appreciate how countervailing priorities, interests and challenges are mediated by public bodies and actors.

Europe 2020

The first policy framework due for consideration is the Europe 2020 strategy. Europe 2020 is the European Union's jobs and growth strategy running from 2010 through to 2020 and is largely considered the 'overarching framework for a range of policies at the EU and national level. In particular, the strategy has served as a guide for the design and programming of the European Structural and Investment Funds over 2014 – 2020' (European Commission, 2015a: 1). The primary objective of the strategy is to create the conditions and environment for 'smart, inclusive and sustainable economic growth'. The overall priorities of Europe 2020 include significant investments in education, research, development and innovation; sustainable energy consumption and a strong focus on job creation and poverty reduction. These priorities are operationalised as the following targets to be met by 2020:

- increase the proportion of the working age population in employment to 75 per cent;
- invest 3 per cent of the EU's GDP in research and development;
- reduce greenhouse gas emissions by 20 per cent compared to the 1990 level;
- increase the share of renewables in final energy consumption to 20 per cent;
- increase energy efficiency by 20 per cent;
- reduce the share of early school leavers to below 10 per cent;
- increase the share of 30 to 34 year olds having completed tertiary education to at least 40 per cent; and
- lift at least 20 million people out of the risk of poverty or social exclusion.

For the purposes of the CRESSI research programme, many of these 'political commitments' (European Commission, 2015a: 2) are of interest if we are to fully understand the role that policy and practice might play in enhancing the lives of the most marginalised and disempowered citizens in Europe. After all, in many respects, these targets all have the ostensible capacity to represent some degree of social innovation in their desired means and ends. There are seven flagship initiatives conceived to realise the objectives of Europe 2020: Digital agenda for Europe, Innovation Union, Youth on the Move, Resource efficient Europe, Industrial policy for the globalisation era, An agenda for new skills and jobs and the European platform against poverty and social exclusion. Despite the claim that 'social innovation is often reflected in the provisions of these initiatives' (European Commission, 2014i: 60), not all of the seven flagship initiatives engender a commitment to social innovation.

For example, there is little indication that the provisions outlined in the **Industrial Policy for the Globalisation Era** align with the definition of social innovation endorsed by the European Commission. Whilst the initiative refers to the ideals of a social market economy, there is little in the way of measures designed to realise such an objective. In addition, the **Digital Agenda for Europe** purports to deliver sustainable economic *and* social benefits but the legislative actions outlined poorly attend to the social, cultural or economic dimensions that might tackle marginalisation and facilitate social innovation.

The **Innovation Union** initiative aims to create an environment in which innovation may flourish so that ideas are turned into products and services. Whilst this initiative articulates a more explicit commitment to the social dimensions of innovation, social innovation only features in one of its ten substantive objectives. The majority of the Innovation Union objectives focus on enhancing the capacity of research, development and innovation and translating this into economic benefits and growth for Europe. By contrast, the one objective concerning social innovation emphasises its capacity and potential to instigate economic growth but also address social problems. To realise this objective, a number of measures and actions have been taken that focus on social innovation specifically but also public sector innovation. These are discussed in further detail later in this paper but are briefly summarised below:

- establishment of the Social Innovation Europe virtual hub (SIE) for social entrepreneurs, policymakers and the third sector;
- piloting a European Public Sector Innovation Scoreboard to measure but also champion the extent of innovation in the design and delivery of public services within member states. This was also intended to open up opportunities for dialogue and policy transfer.
- strong promotion of social innovation as a focus and objective through key funding instruments such as the European Social Fund, the Progress Programme (2007-13) and the EU Programme for Employment and Social Innovation (2014-20);
- investment in a significant research programme on social innovation and public sector innovation to explore measurement, evaluation, finance, barriers to scaling up and development;
- piloting a network of social innovation incubators to assess, support and scale up (TRANSITION);
- supporting innovative social experiments through the European Platform against Poverty and Social Exclusion and the European Social Fund; and finally
- introducing five European Innovation Partnerships which bring together EU, national and regional actors to jointly invest and collaborate on challenges and issues facing Europe. Two of these partnerships focus on active and healthy ageing and smart cities and communities.

As another flagship initiative, **Youth on the Move** aims to increase labour market integration and mobility, whilst also improving the rate and quality of education and training received by the young working-age population of Europe. A plethora of initiatives have been introduced since 2010. These centre on lifelong learning, higher education, learning mobility, vocational education and training. The European Commission has also encouraged EU member states to introduce a Youth Guarantee to encourage all young people to be in employment, training or activation programmes. Inter alia, the flagship initiative is broadly motivated by a concern that 'too many young people leave school early, increasing their risk of becoming unemployed or inactive, living in poverty and causing high economic and social costs' (European Commission, 2010c: 2). Notably, unemployment is framed as a supply-side issue and poverty is conceived as a functional cost to society. The value of innovation is principally understood as a vector of growth in the knowledge economy that needs to be supported through increased education, training, research and development. At the strategic level, there is little, if any, substantive demonstration that *social* innovation features as part of the Youth on the Move initiative. For example, the initiative claims to support 'inclusive growth' but there is little specification of how this is achieved. **An agenda for new skills and jobs** comes some way closer to specifying how 'inclusive growth' might be achieved – particularly when seen in conjunction with the priorities outlined in Youth on the Move. The initiative outlines a number of priorities to address the challenges of structural unemployment, global competitive pressures and a shrinking working age population. These include better functioning labour markets supported by job creation and flexicurity policies, a more skilled workforce and better quality jobs and working conditions. The European Commission suggests that these priorities 'are essential for the scaling up of social innovation' or 'indirectly contribute to wider social innovation' (European Commission, 2014i: 65). However, the actions and instruments underpinning the initiative do not clearly represent 'new responses to pressing social demands' (European Commission, 2013b: 6). Whilst these may help create the conditions and environment for social innovation to flourish, they may equally lead to an embedding of the existing paradigm and approach to tackling social and economic challenges.

The final flagship initiative considered is the **European platform against poverty and social exclusion**, which is often seen in conjunction with Youth on the Move and an agenda for new skills and jobs. The platform was established to reduce the share of the total population at risk of poverty or social exclusion (AROPE) in the European Union. As discussed in above, the way in which the European Commission operationalises this headline indicator has significant repercussions for how public authorities conceive the problem of, and solutions to, marginalisation.

The Platform aims to tackle poverty and social exclusion by: delivering actions across the policy spectrum; protecting and making better use of funds to support social inclusion; promoting evidence-based innovations in social policy; and incorporating civil society actors and organisations into the design and delivery of inclusion strategies. The European Commission has also proposed that 20 per cent of the European Social Fund be earmarked to tackle poverty and social exclusion and called for greater policy coordination among EU countries through the open method of coordination for social protection and social inclusion and the Social Protection Committee. Of all the initiatives underpinning Europe 2020, the Platform against poverty and social exclusion exhibits the clearest commitment to social innovation tackling marginalisation, but particularly innovation in social policy. In 2011, a number of initiatives were launched to pool resources, skills and knowledge to promote evidence-based social innovation. These were intended to establish shared principles and guidelines on the design, implementation and evaluation of experimental policy innovations. Funds for social experimentation through the Programme for Employment and Social Solidarity and the European Social Fund have also been ring-fenced to enhance the impact of innovations in policy design and implementation before scaling these more widely.

Together these flagship initiatives make up the Europe 2020 strategy. Whilst the objectives and targets are negotiated and agreed at the European Union level, the 'main responsibility and instruments to achieve these objectives rest with the member states, in conformity with the treaty and subsidiarity principle' (European Commisison, 2010: 3). Having said that the European Commission does have some bearing on the direction and rate of progress through the European Semester as a system of social and economic governance. The European Semester analyses the fiscal and structural policies of member states, provides recommendations and monitors their implementation and progress over time to encourage accountability and transparency amongst member states.

By both the European Commission and the various DGs within it, Europe 2020 is considered the most explicit commitment to the idea, practice, means and ends of social innovation. Europe 2020 is said to encapsulate a social innovation approach and ideal (European Commission, 2014i). However, upon closer inspection, there is, on occasion, little in the way of the social dimension mentioned in much of the strategy. The overall priority is to 'move decisively beyond the crisis and create the conditions for a more competitive economy with higher employment'. The relative separation of the social and economic objectives of Europe 2020 belies the integrated social market economy model espoused by political and policy leaders. A claim to be social or innovative doesn't necessarily count as such or lead to such a transformation.

Reflecting on the achievements made, the Bureau of European Policy Advisers (BEPA) suggests that 'a 'social innovation' culture has spread in support of the Europe 2020 Strategy and its implementation' (European Commission, 2014i: 9). However, in spite of a range of flagship initiatives, a mid-term review of progress made to date suggests that at the EU and national level, many of the headline targets will not be met by 2020. Targets pertaining to employment, investments in research and development, energy efficiency, poverty and social exclusion are all unlikely to be met given the extent of progress made thus far (European Commission, 2014j). Crucially, many of the unmet targets represent the social dimension of the social market economy advocated for by the European Commission. There is broad recognition across the Directorate-General for Employment, Social Affairs and Inclusion that there has been 'insufficient progress in reaching the Europe 2020 targets' (European Commission, 2013c: 4). As part of the mid-term review of progress, the European Commission undertook a public consultation to assess awareness, understanding and support for the Europe 2020 strategy. The European Commission concludes that Europe 2020 and the flagship initiatives underpinning it are broadly supported and endorsed by European citizens (European Commission, 2015a). However, this interpretation significantly misrepresents the data (European Commission, 2014d). There is significant geographical, demographic and socio-economic variation in support for the Europe 2020 strategy. For example, countries worst affected by the economic crisis exhibit some of the lowest levels of support for Europe 2020: only 30 per cent of those surveyed in Spain believe the EU is going in the right direction to exit the crisis and face new global challenges, compared to 57 per cent of those surveyed in Germany. Only 36 per cent of unemployed respondents agree the EU is going in the right direction compared to 55 per cent of managers and only 37 per cent of working class respondents agree compared to 66 per cent of upper class respondents. Women are also less likely to believe the EU is going in the right direction. These differences bring into question the notion of 'inclusive growth' and the extent to which Europe 2020 is delivering on its targets, in particular, to overcome marginalisation.

Social Business Initiative

The second policy framework that places social innovation on the European Union's policy agenda is the Social Business Initiative (SBI). Launched in 2011, the Social Business Initiative came out of the Single Market Act I. During the early stages of the development of the Act, José Manuel Barroso, President of the European Commission at the time, stated that 'the crisis has induced some critical reconsideration of the functioning of markets. It has also enhanced concerns about the social dimension' (Monti, 2010: 4). In response the Single Market Act I outlined a series of structural reforms to integrate the European market economy, boost growth and strengthen confidence in the economic and monetary union. In addition though, the Single Market Act I also encouraged the European Commission to 'continue to improve its coverage of the social dimension of the impact assessments which accompany legislative proposals concerning the internal market' (European Commission, 2011b: 5). As part of this, the European Commission developed 12 key actions that included mobility for citizens, intellectual property rights, taxation and consumer empowerment (European Commission, 2011b). A number of other actions were also launched that had the capacity to support social innovation:

- **Access to finance for SMEs:** making it easier for venture capital funds established in a member state to invest freely in any other member state, without obstacles or additional requirements;
- **Public procurement:** revising and modernising public procurement legislative frameworks, with a view to underpinning a balanced policy which fosters demand for environmentally sustainable, socially responsible and innovative foods, services and works. It was hoped this revision would result in simpler and more flexible procurement procedures for contracting authorities;
- **Social cohesion:** improving and reinforcing the EU Posted Workers Directive by enforcing and sanctioning any circumvention of the applicable rules to protect freedom of establishment, freedom of association alongside other fundamental social rights. The rationale for such an action was to realise the ambitions of a 'social market economy by ensuring, with no race to the bottom, that businesses are able to provide their services… whilst at the same time providing more high quality jobs and a high level of protection for workers and their social rights.' (European Commission, 2011b: 17); and finally
- **Social entrepreneurship:** creating a level playing for 'social purpose' organisations in terms of their mobility, the economic environment within which they operate, their legal status, and the regulations they are subject to. By supporting businesses motivated by social, cultural and environmental commitments, the European Commission argued it should be possible 'to introduce more fairness in the economy and contribute to the fight against social exclusion' (European Commission, 2011b: 14). To help organisations realise their objectives relating to social, ethical or environmental development, the European Commission proposed to develop legal models better adapted to their needs, set up a European framework facilitating the development of social investment funds and establish the Social Business Initiative. The Act also announced a new commission on corporate social responsibility that lead to a new EU strategy encouraging businesses to pursue actions with social or environmental objectives as part of their daily activities.

The Social Business Initiative was designed to create a favourable climate for social enterprises and key stakeholders in the social economy. Outlining the rationale for the initiative, the European Commission stated that the 'single market needs new, inclusive growth, focused on employment for all, underpinning the growing desire of Europeans for their work, consumption, savings and investments to be more closely attuned to and aligned with 'ethical' and 'social' principles' (European Commission, 2011c: 2). As part of the Social Business Initiative, social enterprises are championed as a key mechanism for inclusive economic growth that contributes towards social cohesion and responds to unmet need through social innovation. The European Commission defines a 'social enterprise' as the following types of business: those for which the social or societal objective of the common good is the reason for their commercial activity, often in the form of a high level of social innovation; those where profits are mainly reinvested with a view to achieving this social objective; and where the method of organisation or ownership system reflects their mission, using democratic or participatory principles or focusing on social justice.

Such a definition captures the potential for a social enterprise or 'social business' to contribute towards social and economic transformation. Importantly, this definition also captures the capacity for these organisations to reconfigure power dynamics through their day-to-day operation and activities. These activities may centre on the provision of social services and goods to vulnerable persons (housing, healthcare, personal social services, childcare, access to employment and training, etc); or their desired ends may centre on social goals but their methods of production and provision focus on something different entirely (European Commission, 2011c). Either way, these organisations are understood as key engines of social innovation as a means and an end to tackling marginalisation and social exclusion. The European Commission has underlined the positive economic and social value of these organisations through the Social Business Initiative. As part of this initiative, a range of measures have sought to:

- improve access to financial markets, private funding mechanisms and social investment funds through favourable regulation;
- improve analysis, promotion and development of the legal and institutional environment for micro-finance;
- encourage micro-finance by issuing guarantees for lending to social enterprises;
- mobilise European Union funds through the European Regional Development Fund and European Social Fund to prioritise social entrepreneurship capacity-building, activities and impact;
- develop tools to gain a better understanding of the sector and increase the visibility of social entrepreneurship;
- reinforce the managerial capacities, professionalism and networking of social business;
- develop appropriate legal forms which could be used in European social entrepreneurship;
- enhance the element of quality in awarding contracts in the context of the reform of public procurement especially in the case of social and health services; and
- simplify the implementation of rules concerning State aid to social and local services.

Whilst some of these commitments build upon instruments conceived at the time the Europe 2020 strategy was announced, many have informed the policies, programmes and funding instruments implemented since 2011. Underpinning the European Union's approach to social entrepreneurship, progress made to date can be monitored on the initiative's dedicated website. In January 2014, the Strasbourg Declaration was signed as a follow-up to the Social Business Initiative. The Declaration outlines a series of agreed recommendations to continue developing the potential of social entrepreneurship across the European Union. The European Economic and Social Committee has established a working group to implement a set of substantive actions stemming from the declaration (European Commission, 2014i).

In sum, the Social Business Initiative demonstrates a sustained strategic commitment to the actors and organisations engaged in features of social innovation. These commitments ranges broadly from light touch regulation encouraging corporate social responsibility amongst for-profit businesses to more heavy-handed regulative frameworks, funding mechanisms and knowledge creation to enhance the capacity of social enterprises and social purpose organisations.

Social Investment Package
Whilst social protection and stabilisation of the economy are recognised as core functions of

the welfare state, the European Union emphasises the value and potential of the third function of the welfare state: social investment. As a response to the economic crisis, European Parliament came to a resolution on the Social Investment Pact in 2012. Launched in 2013, the Social Investment Package is an integrated framework designed to help European public authorities modernise and reform their social and public services. The initiative encourages member states to 'use their social budgets more efficiently and more effectively and to tackle the social consequences of the crisis by identifying best practices and providing guidance on the use of EU funds for social investment' (European Commission, 2013c: 3). Rather than reactionary state intervention focused on alleviating social or economic challenges, the European Commission argues that public policies and finances should focus more on preventative measures and actions. As part of this strategy, the European Commission claims that member states should be investing in people or 'human capital', so that public authorities are able to reap the maximum social and economic 'dividends' on their social investment. Implementation of the Social Investment Package includes measures to tackle childhood inequality, improve the sustainability and provision of healthcare, enhance personalised social services, tackle gender inequality, modernise pension systems, reduce poverty and improve employment and activation services (European Commission, 2014g).

Whilst old and new social risks are recognised as an ethical, social and economic problem, these social risks are principally framed as a threat to the sustainability of EU welfare regimes and understood as functionally disruptive (European Commission, 2015b). The Social Investment Package is seen as a key strategy to making the best use of limited financial resources to tackle growing poverty and social exclusion (European Commission, 2013c). The ambition to move from a 'welfare state model' to a 'social investment state model' is understood as a key means by which to cope with macroeconomic shifts, demographic changes, globalisation, as well as old and new social risks that bear down on public finances (European Commission, 2013l).

According to the Social Investment Package 'social innovation (and social policy experimentation), need to be embedded in mainstream policymaking and connected to social priorities' (European Commission, 2014i: 72). The package informs member states' policy reforms in the framework of the European Semester. The performance of member states is monitored through indicators underpinning the employment and poverty targets of the Europe 2020 strategy. The reforms set out in the Social Investment Package are wide-ranging and centre on the social dimensions of the European Semester. Member states are encouraged to:

- improve targeting of social policies to ensure those most in need of support or assistance receive it whilst reducing fiscal burden;
- develop strategies for social innovation through public-private-third sector partnerships;
- ensure adequate and predictable financial support including innovative ways of securing additional private financing for social investment;
- simplify the administration of social security and protection to reduce fraud and increase benefit take up;
- improve tax revenue collection and broaden tax bases in a growth-friendly manner that doesn't compromise labour demand.

Member states are expected to realise these objectives by making use of EU financial and non-financial support services for social policy experimentation, testing new approaches to social policies and scaling the most effective innovations, exchanging experiences and expertise and exploring new financing mechanisms such as Social Impact Bonds. Ostensibly, these measures already have come some way to introducing new objectives, procedures and tools into the social policymaking process.

Crucially, the social investment approach focuses on methods of activation that centre on individual solutions and interventions to socio-structural causes of marginalisation and resource scarcity. Indeed, a great deal of the social investment package focuses on reforming public services and social policies in a way that better equips people with the knowledge, skills, resilience and resources to adapt to social risks. This end goal of 'adaptation' is particularly interesting given the European Commission's focus on the structural factors propagating marginalisation and resource scarcity (European Commission, 2013l). Rather than addressing the structural causes of social exclusion, the social investment package advocates for a 'preventative' strategy based on 'activating and enabling policies' that improve social inclusion through access to the labour market. The Social Investment Package seeks to:

> invest in our human capital, from cradle to old age. Building upon people's professional and social skills, and ensuring they have an opportunity to apply them in the labour market is an investment we need to make. It is what social investment is about (European Commission, 2013c: 3).

Whilst this investment in human capital is believed to 'strengthen people's current and future capacities' (European Commission, 2013l: 3), the nature of these capacities is largely pre-defined and prescribed by the European Union. Rather than enabling individuals to define and realise their own interests and preferences as a means through which to overcome marginalisation, the social investment approach championed by the European Union encourages social and labour market integration as the key mechanism by which to tackle poverty, inequality and social exclusion. Alongside such an approach, the European Commission encourages innovative policy instruments to tackle benefit fraud and increase conditionality in social protection and intervention. Of course, the Social Investment Package and its attendant measures span across a wide range of welfare and policy domains beyond employment and activation services. However, the social investment approach to 'human capital' and 'capacities' is particularly significant because it focuses on social innovation as a means to overcoming marginalisation. Rather than affecting the process of social interactions (European Commission, 2013b), the social investment approach requires those experiencing marginalisation to overcome structural barriers, participate within the labour market, integrate and operate within the existing institutions that structure marginalisation. The extent to which this marks a genuine social innovation then is contestable and will be explored in further detail through the course of the CRESSI research programme.

Regulatory frameworks

To improve the regulatory environment for actors and organisations engaged in social innovation, the European Commission has introduced a number of measures to instigate a change in public procurement practices, state aid regulations and the legal status of organisations engaged in social innovation. In fact, some of the primary actions of the Social Business Initiative are designed to improve legal and regulatory frameworks so that actors and organisations may more effectively produce or execute social innovations. Governance and reporting mechanisms such as the open method of coordination for social protection and social inclusion and Social Protection Committee help monitor the extent to which EU member states are supporting social innovation or public sector innovation. A variety of impact assessments examine the economic, social and environmental impact of regulations. However, the European Commission has also made a number of efforts to affect the regulatory and legal frameworks that have a bearing on the capacity for socially innovative activities. These actions principally centre on facilitating cross-border activity and thereby contributing towards the European Union project of integration.

Privileged legal status

The Social Business Initiative has already undertaken a mapping exercise to identify existing marks, labels and certification systems for social enterprises across Europe. In addition though, the European Commission identifies foundations, cooperative societies and mutuals as other forms of social enterprises that have the capacity to foster social innovation. The European Commission has either implemented or explored a special legal status for these types of organisations. Crucially, these legal statuses are not designed to enable common or good practice *within* EU member states but to support actors and organisations engaged in social innovation *across* EU member states. Given that the majority of social innovation activities are small and localised (Murray et al., 2010), these privileged legal statuses are likely to have limited impact at this stage of policy development in fostering social innovation. Any alternative though is challenged by the principle of subsidiarity.

In 2012, the European Commission published a proposal for a regulation on the statute for a European Foundation. Designed to support public benefit purpose foundations undertake cross-border activity, it is hoped the legal status of 'European Foundation' will reduce the bureaucratic and administrative burden of operating across EU member states. Very often foundations engaged in activities in more than one country are faced with legal and administrative obstacles that mean they are compelled to commit financial and non-financial resources to navigating these challenges. By creating a single European legal form, the European Commission hopes it will be possible overcome some of these challenges. This legal status would operate alongside domestic foundations. In 2013, the European Parliament adopted a specific resolution with recommendations on the Statute for a European Mutual Society. The European Commission is currently producing the required documentation for the statute for a European Mutual Society. As with the proposal to establish a European Foundation, this statute is principally motivated by a desire to reduce the legal and administrative burden for mutual societies undertaking cross-border activities.

The European Commissions aims to support cooperatives across Europe by guaranteeing 'that enterprises of this type, independently of their size, can continue to operate in the market by preserving their social role, particular style of functioning and ethics' (European Commission, 2014i: 100). To fulfil this objective, the European Commission has made a lasting commitment to the promotion of cooperative societies in the EU (European Commission, 2004). The legal statute for a European Cooperative Society guarantees equal terms of competition between cooperative societies and capital companies. Introduced in 2006, the European Cooperative Society is a legal entity in company law that enables cooperative types of companies, if successful in obtaining the status, to bypass the need to establish a subsidiary in each EU member state within which they operate. A recent study on the implementation of the European Cooperative Society found that the regulation has had only limited success. This is due, in part, to the fact that there has been low uptake (only 17) but it is also due to a lack of harmonisation. More recently the European Commission has also funded data collection, organised events, and ran a consultation on the need to amend the existing legislation. The European Commission concluded that more needs to be done to raise awareness of the benefits of cooperative societies and an action was agreed to simplify the European Cooperative Regulation.

Reduced bureaucratic and procedural burden

As demonstrated above, the European Commission has taken a number of actions to support the operation of social innovation organisations through legal instruments. The European Commission has also paid particular attention to making sure public authorities are better able to assist social innovation through financial instruments. In 2014, the European Commission attempted to reduce administrative burden through the new General Block Exemption Regulation for Regional State Aid between 2014 and 2020. The primary purpose of regional aid is to boost employment and economic development in disadvantaged regions of the Europe Union. The regulations establish guidelines for how member states are able to grant state aid to companies to support capital investment in production facilities in less advantaged regions. The General Block Exemption Regulation introduced in 2014 makes it easier to grant additional forms of aid to certain projects without prior notification or justification to the European Commission. This change makes it easier to involve small-to-medium sizes enterprises in EC-funded projects, cover transport costs in remote regions and cover the costs of employing workers experiencing disabilities. The regulation also expands the definition of 'disadvantaged worker' so that EC-funded projects are better able to encourage labour market integration for those facing particular socio-economic or contextual challenges.

Favourable procurement and commissioning guidelines

One of the key actions of the Social Business Initiatives is to enhance the element of quality and social value in public sector procurement and commissioning guidelines. This led to the adoption of new regulations on public procurement in classical sectors (European Commission, 2014b), utilities (European Commission, 2014c) and a new directive on specific concessions (European Commission, 2014c). The aims of the new public procurement rules include contributing to the implementation of environmental, social inclusion and innovation policies. These new regulations have enhanced the competitiveness of actors and organisations engaged in social innovation – specifically in terms of their ability to bid for public sector contracts and deliver public services. This includes reducing the administrative and financial burden that organisations engaged in public sector procurement and bidding incur, providing clear and simple rules for the award of concession contracts and eliminating price as the sole award criteria for the procurement of social and health services. This enhances the competitive advantage of smaller organisations engaged in social innovation.

The regulations enable public authorities to consider the long-term social value of certain contracts. These regulations *enable* rather than *stipulate* public authorities to consider social, environmental or economic externalities in public sector procurement processes. This means that the evaluation of the contribution from bidders can be assessed across the life cycle. Whilst one provider may appear to be cheaper, the overall long-term effects and costs of such service provision may make this a less appealing provider. Whilst the focus is on the most economically advantageous bidder, public authorities are able to go beyond price/cost selection criteria in the traditional sense to consider long-term and quality issues that may factor into the delivery of a public service or the provision of a public good.

The social criteria in public procurement now enable contracting authorities to consider the potential benefits accrued in the process of fulfilling a public sector contract. This means public authorities can factor into their consideration how public services or goods might be delivered, purchased or produced if a particular provider were to be awarded the contract. For example, if a service were to incorporate disadvantaged or vulnerable people into the delivery of a public service this may be factored into the cost/benefit considerations of a public procurement. In addition, for some social services it is possible to reserve contracts for non-profit organisations that have a public service remit centred on employee participation. Reserved procurement procedures now enable 'sheltered workshops' or social enterprises to participate provided that 30 per cent of their workforce is deemed 'disadvantaged'. Previously, social enterprises working for the inclusion of disadvantaged groups were required to have at least 50 per cent of their workforce defined as 'disadvantaged'. This perhaps enables social enterprises to compete for contracts on a more competitive basis due to lower operation costs. However, it may equally 'de-socialise' the operation of certain organisations engaged in social innovation.

Social Innovation Funding and Finance

The Multi-Annual Financial Framework principally determines European Union funding for social innovation. The current framework runs from 2014 to 2020 with total commitment appropriations of up to €960 billion and total payment appropriations of up to €908 billion (in 2011 prices) (European Commission, 2013d). Proposed by the European Commission, this financial framework has received political agreement from member states through the European Parliament and adoption by the European Council. The framework is roughly 4 per cent less than the appropriations made under the multiannual financial framework running from 2007 to 2013. In addition, there has been a slight reduction in commitments relative to EU Gross National Income. Nonetheless, this framework represents a significant spending commitment to undertake common policies and initiatives over an extended period of time to ensure budgetary discipline, stability and the long-term effectiveness of EU policies. The total commitment appropriations budget is divided into the following areas or headings: 47 per cent on 'smart and inclusive growth', 39 per cent on 'sustainable growth', 6 per cent on 'Global Europe', 6 per cent on 'administration' and 2 per cent on 'security and citizenship' (European Commission, 2013d). As noted by the European Commission the multiannual financial framework is 'an expression of political priorities as much as a budgetary planning tool'. The allocation of funds to the various activities of the European Union demonstrates the extent to which social innovation and the social dimension of the social market economy have been prioritised by the European Council and European Parliament.

The European Structural and Investment Funds (ESIF) are intended to establish a clear link with the Europe 2020 strategy. The European Structural and Investment Funds regulations identify social innovation and social enterprise as an investment priority and are therefore arguably the biggest EU financial commitment to social innovation. New opportunities for social innovation are linked to urban regeneration and cities, microfinance, the social economy, workplace innovation, incubation and social inclusion. The European Code of Conduct on Partnership makes access to these funds conditional on working in partnership with trade unions, employers, NGO's and other bodies promoting, for example, social inclusion, gender equality and non-discrimination (European Commission, 2014e). This has the capacity to significantly alter power relations and socio-structural dynamics. In the coming years, member states will also be required, where appropriate, to report on progress in the implementation of actions in the field of social innovation (European Commission, 2013g).

This encourages actors, networks and organisations making use of European Structural and Investment Funds to realise social innovation as an approach and goal to their activities. The European Regional Development Fund and the European Social Fund both contribute towards this process. In addition, the European Programme for Employment and Social Innovation has also made a significant contribution towards financing and supporting social innovation, social entrepreneurship and innovation in social policy. Depending on the activities funded across member states and policy domains, these finance programmes have been used to fund capacity building, incubation, and policy and organisational experimentation. Funds have also been used to create economic space and opportunity for social innovation within organisations, regions and member states.

European Regional Development Fund

The principle objective of the European Regional Development Fund is to address the key regional imbalances within the European Union. The Fund is therefore concerned with economic regeneration and development, increasing competitiveness and territorial cooperation. There is also a particular focus on reducing economic, environmental and social problems in urban areas. For the period from 2007 to 2013, the overall budget totalled €210 billion. For the period from 2014 to 2020, the budget has fallen to €183 billion. Whilst funds are allocated by the European Union, member states and managing authorities control the funding and are able to exercise some degree of discretion in how the funds are used. This is borne out by the variation across the regions and territories in terms of how these funds are used. The European Regional Development Fund has prioritised its investments running from 2014 to 2020 on 'innovation and research', 'the digital agenda', 'support for small and medium-sized enterprises (SMEs)' and 'the low-carbon economy'. Resources allocated to these priorities depend on the category of the region receiving funding. More developed regions are required to focus more on the investment priorities set out by the European Commission, whereas transition economies and less developed regions are given greater flexibility and autonomy over how funds are spent. This also includes, geographically disadvantaged areas such as those remotely situated or sparsely populated.

Whilst the majority of the investment priorities do not formally focus on social innovation, the regulations outlined for the European Regional Development do state that:

> it is necessary to promote innovation and the development of SMEs, in emerging fields linked to European and regional challenges such as creative and cultural industries and innovative services, reflecting new societal demands, or to products and services linked to an ageing population, care and health, eco-innovation, the low-carbon economy and resource efficiency (European Commission, 2013f: 290).

In addition, one investment priority centres on enhancing research, technological development and innovation by strengthening research and innovation infrastructure and promoting investment in technology transfer, social innovation and public service applications. Another focuses on supporting social enterprises to promote social inclusion and combat poverty and discrimination. This opens up the opportunity for significant investments that might scale the capacity and impact of social innovation. However, there is little substantive specification of what this support could and should entail. In a recent review of EU social innovation policy, it was suggested that the European Regional Development Fund supports 'the development of social enterprise in a number of ways similar to the ways in which it supports other types of business. This can include finance for business advice and guidance or premises for start-up centres, amongst others types of support' (TEPSIE, 2014: 25). Given that social enterprises and organisations engaged in social innovation face very particular and specific challenges (BEPA, 2010a), they inevitably require specialised support and funding mechanisms. Support that generalises the challenges, potential contribution and opportunities of such organisations restricts their capacity to instigate social innovation. Nonetheless there a number of provisions that might accommodate or instigate some measure of social innovation. These include:

- investing in health and social infrastructure;
- reducing inequalities in terms of health status;
- promoting social inclusion;
- providing support for innovative physical, economic and social regeneration of deprived communities; and
- undertaking investment in the context of community-led local development strategies.

Importantly, there are currently no output indicators that measure the impact of funds on 'innovative actions' or 'social enterprise support'. There are output indicators that capture the capacity of support for childcare or education infrastructure, and even the population covered by improved health services. However, member states are largely left to their own devices to decide whether and how they realise the approach and goal of social innovation. The European Commission suggests that the European Regional Development Fund exhibits significant potential to support social innovation. Importantly though, 'the strategic choices made by member States and their regions in the areas where they would like to concentrate the available funds will nevertheless be a key determining factor' in shaping the extent to which social innovation flourishes (European Commission, 2014i: 78). Perhaps in an attempt to ensure social innovation features in funding outcomes, a number of changes to the regulations surrounding the European Regional Development Fund 2014-2020 have been made. In 2017 and 2019, managing authorities will be required to submit implementation reports that specify how funds have been used to, inter alia, support social innovation (European Commission, 2013i). It remains to be seen whether such funds will have the desired impact and translate into socio-economic outcomes.

In addition, European Structural and Investment Funds such as ERDF are also faced with the challenge of ensuring funds are targeted towards the areas and activities that need them most. Whilst the underlying objective of cohesion policy is to address inequalities between EU member states, many funding instruments suffer from a 'regional innovation paradox' (Oughton et al., 2002). This paradox occurs when member states most in need of assistance do not make use of their full quota of funding because public bodies and organisations within that country lack the necessary skills and financial resources to bid for or match EU funding. Very often these public bodies and organisations operate in less developed member states, where funding and perhaps measures of social innovation are most needed. The European Commission has acknowledged this challenge and notes that the regional innovation paradox 'continues to be a dominant feature of the regional innovation landscape' (European Commission, 2014h: 5).

European Social Fund

The European Social Fund (ESF) is designed to reduce inequalities across and within EU member states and promote economic and social cohesion (SIE, 2011). In recent years, the ESF has made significant investments to promote employment and social inclusion. Between

2007 and 2013, around €75 billion was distributed to member states representing around a tenth of the total European Union budget. During this period, the proportion of funds allocated to social innovation varied across member states but generally ranged between 1 per cent and 5 per cent of the total funding received by that country (European Commission, 2013c). It is estimated more than 2 billion euros of these funds were dedicated to public sector innovation and more than 1 billion euros were dedicated to innovative activities designed to support the development of skills and combat unemployment (European Commission, 2013c).

For the period 2014 to 2020, member states have negotiated the funds they will receive from the ESF. Member states partially match the funding received through the ESF and managing authorities in member states then distribute these funds to operational programmes. These programmes support local and specialist organisations to deliver a range of employment related projects. Whilst member states and managing authorities are, to some extent, able to interpret the strategic priorities of the ESF, the funding priorities are principally negotiated and agreed at the European Union level. The strategic priorities of the ESF from 2014 to 2020 focus on: 'getting people into jobs' by providing opportunities to obtain training, qualifications and skills with a view to finding gainful employment, promoting social inclusion, enhancing the educational outcomes, skills and training received by young people, and improving the quality of public administration and governance. According to the European Commission, the ESF represents the European Union's biggest 'human capital investment' with almost €80 billion dedicated between 2014 and 2020. Other priorities include promoting gender equality, combating youth unemployment, concentrating funding on achieving results, encouraging collaborative working between stakeholders, beneficiaries, private and civil society organisations at different geographical and administrative levels, increasing efficiency by reducing bureaucratic and administrative burden in the public sector as well as modernising and streamlining public services. Social innovation in the European Social Fund has been said to have contributed to reforming social policies by improving their targeting and efficiency (European Commission, 2013c: 27).

The European Social Fund has committed to promoting social innovation within all areas falling under its scope. This commitment is aimed at 'testing, evaluating and scaling up innovative solutions, including at the local or regional level, in order to address social needs in partnership with the relevant partners and in particular, social partners' (European Commission, 2013h: 477). Across policy areas, the European Social Fund intends to ensure social innovation contributes towards the headline targets of Europe 2020. As a condition of their funding, member states are required to identify fields of social innovation that correspond to their specific needs. This can be undertaken during the development of operational programmes or at a later stage. Each operational programme co-financed by the European Social Fund will have to demonstrate how planned actions have contributed towards social innovation (European Commission, 2013b). The conceptual laxity with which the EU employs the term social innovation poses a particular challenge for keeping member states accountable in this regard. Post-hoc identification of social innovation may lead to self-justification of operational programmes or the identification of social innovation where it is neither genuinely present nor indeed intended. Nevertheless, the European Social Fund expresses a commitment to capacity building for social innovation, through supporting mutual learning, networks and identifying and promoting good practices.

A particular aim of the European Social Fund is to support innovation and experimentation by measuring evidence-based solutions and selecting the most effective ideas before scaling them on a larger level. In addition to a dedicated social innovation facility in the new European Social Fund regulations, the European Commission also proposes support for innovative policies and public services that are responsive to social change. To this end, the European Social Fund aims to:

> encourage and support innovative social enterprises and entrepreneurs as well as innovative projects taken on by non-governmental organisations and other actors within the social economy. In particular, testing and evaluating innovative solutions before scaling them up is instrumental in improving the efficiency of policies and thus justifies specific support from the ESF. Innovative solutions could include, provided they prove to be effective, the development of social metrics such as, for example, social labelling (European Commission, 2013h: 472-73).

At least 20 per cent of the European Social Fund running from 2014 to 2020 has been allocated towards promoting social inclusion to ensure 'people in difficulties and those from disadvantaged groups' receive the same opportunities as others to integrate into society. The European Social Fund views social innovation as a key mechanism by which to tackle marginalisation. The regulations surrounding the European Social Fund state that it will commit to the 'promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health' (European Commission, 2013h: 470). Having said that, tackling marginalisation is principally understood as an activity focused on the (re-) employment and activation of marginalised groups.

The centrality of work and training to the EU social inclusion strategy is demonstrable through slogans such as 'more jobs, less marginalisation', 'give people skills not benefits' and 'supporting people to support business'. The European Social Fund views employment as 'the most effective way of giving people independence, financial security and a sense of belonging'. The European Social Fund focuses on investments that help individuals adapt to a 'rapidly changing job market'. In line with the Social Investment Package, these solutions to poverty, inequality and structural unemployment centre on 're-training', 're-skilling' and 'up-skilling' disadvantaged, unemployed or young people. As such funds to tackle marginalisation are principally used to facilitate the integration of individuals into the existing economic paradigm and system of production and consumption. The European Social Fund aims to capitalise on innovative ideas, methods and services to enhance the efficacy of employment assistance and activation services: 'promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment' (European Commission, 2013h: 475).

Through the European Social Fund, social innovation is only officially recognised and supported in a way that reproduces existing social relations. Whilst it may be innovatively social in its means, the activities and objectives funded are not innovatively social in their ends. That is, the existing funding structures currently limit the capacity for social innovation to significantly disrupt or alter 'the process of social interactions' (European Commission, 2013b). Whilst social innovation may (and almost certainly does) occur that is genuinely transformative as a result of the European Social Fund, this is largely a by-product, rather than an explicit objective of operational programmes. This limitation is perhaps propagated by the lack of systematic evidence collected on how the funds are used to support social innovation

(TEPSIE, 2014).

European Union Programme for Employment and Social Innovation

The Employment and Social Innovation Programme (EaSI) is a much smaller financing instrument designed to support employment, social policy and EU labour mobility. The European Commission claims that 'the concept of social innovation, which has a special focus on youth, is at the heart EaSI' (European Commission, 2013a: 7). The programme brings together three programmes of activity that were managed separately between 2007 and 2013. This integrated programme was originally going to be called the Programme for Social Change and Innovation, but was later renamed to reflect its changing focus. With a total budget of €919.5 million, the Employment and Social Innovation Programme running from 2014 to 2020 will focus on:

- supporting the development of adequate social protection systems and labour market policies and promoting good governance, mutual learning and social innovation by modernising employment and social policies with the PROGRESS axis (61 per cent of the total budget)
- promoting geographical mobility and boosting employment opportunities through the development an open labour market with the EURES axis (18 per cent of the total budget)
- increasing the availability and accessibility of microfinance for vulnerable groups and micro-enterprises and increasing access to finance for social enterprises through the Microfinance and Social Entrepreneurship axis (21 per cent of the total budget)

The PROGRESS axis or the Programme for Employment and Social Solidarity is the EU's main instrument to promote welfare reforms through employment and social policy experimentation. The programme aims to contribute towards fulfilling the targets of the Europe 2020 strategy by identifying innovative methods of designing and delivering public services so that these are more responsive to the social and economic needs of EU member states. Between 2009 and 2013, PROGRESS funded 23 projects on social policy experimentation with a total budget of €21.4 million (European Commission, 2014i). Between 2014 and 2020, PROGRESS has committed between €10 and €14 million each year to test labour market policy innovations and social policy experimentation, looking at methods, processes and finances. If successful, these projects will be developed with a view to scaling initiatives. A minimum of 20 per cent of funds will be allocated to employment, in particular fighting youth unemployment. At least half of funds will be allocated to social protection, social inclusion and the reduction and prevention of poverty and a minimum of 10 per cent will be dedicated to improving working conditions. Up to 20 per cent of the budget allocation can be drawn upon to address cross-cutting policy issues (European Commission, 2013a). Overall, PROGRESS aims to:

- increase the capacity of organisations to contribute towards the implementation of European Union strategies;
- finance labour market and social policy innovations; and
- support the development of an analytical and comparative evidence base that can lead to effective information-sharing, mutual learning and dialogue to share and learn from best practice in social innovation.

An annual work programme determines the activities, funding priorities, grants and procurements supported by PROGRESS. From this, calls for tender and calls for proposals are issued and eligible organisations can then bid to contribute towards or lead on certain activities. These calls are open to a range of public and private bodies and networks at the local, regional, national and supranational level. The programme committee that develops and decides upon the calls for tender and proposals is made up of senior civil servants with a reasonable degree of responsibility for labour market and social policies in EU members states. Once again, innovation (social or otherwise) is only accommodated and supported in a way that is financially and strategically valued by EU public bodies and activities. Whilst this may lead to social innovation capable of tackling marginalisation, there may be innovative initiatives and organisations better able to tackle marginalisation that miss out on the support they need to enhance their capacity or scale their activities. Equally, this limits the potential for social innovations (as a means and end) to significantly disrupt socio-structural relations and power dynamics.

The Microfinance and Social Entrepreneurship axis of EaSI has the potential to overcome this in a number of ways. The principle objective of the axis is to increase the availability of microfinance to vulnerable groups and micro-enterprise and open up access to finance for social enterprises. This axis builds upon Progress Microfinance, which will run alongside it until 2016. Launched in 2010, Progress Microfinance increases the availability of loans below €25,000 to vulnerable groups and micro-enterprises. Since its inception, Progress Microfinance has helped more than 20,000 entrepreneurs with loans and guarantees worth a total of €182 million (European Commission, 2014f). Managed by the European Investment Fund, Progress Microfinance supports selected microcredit providers in the European Union to increase lending by issuing guarantees to share the burden and risk of non-payment. Micro-credit providers are able to set their own conditions for receipt of funds. Progress Microfinance helps individuals that would otherwise struggle to obtain credit and provides access to alternative forms of finance. Of those individuals that have gained access to microfinance through Progress: 60 per cent were unemployed or inactive when they applied, 36 per cent were women and just below 6 per cent were aged under 25. Whilst continuing the microfinance support the Microfinance and Social Entrepreneurship axes of EaSI will focus on capacity-building in microfinance institutions and development and expanding social enterprises (European Commission, 2013a). Between 2014 and 2020, a total of €92 million will support social entrepreneurs. Up to €500,000 will be available to social enterprises, provided the annual turnover of the organisation is less than €30 million (European Commission, 2013a).

Creating Economic Space for Social Innovation

Beyond the funding programmes already discussed in this section, various European Union bodies are also involved in a range of other regulatory and funding initiatives that, in some measure, are designed to create economic space for actors and organisations engaged in social innovation. These initiatives focus on financial operations that range broadly from increasing the availability of microcredit and microfinance to supporting infrastructure projects that open up access to larger capital markets for social businesses or organisations engaged in social innovation.

In 2011, the European Commission published a European Code of Good Conduct for Microcredit Provision, which outlines a set of recommendations and standards to encourage and foster good practice in the microcredit sector. Developed in collaboration with stakeholders and practitioners across the small but growing European microcredit market, the

Code of Good Conduct seeks to address some of the main challenges facing the sector. Developed during the programming period between 2007 and 2013, the European Commission provided technical assistance to microcredit institutions through a range of special support instruments. These included:

- JEREMIE (Joint European Resources for Micro to Medium Enterprises): promotes the use of financial engineering instruments to improve access to finance for small to medium sized enterprises trough European Structural and Investment Funds interventions.
- JESSICA (Joint European Support for Sustainable Investment in City Areas): supports sustainable urban development and regeneration through financial engineering mechanisms.
- JASMINE (Joint Actions to Support Micro-finance Institutions in Europe): seeks to improve access to finance for small businesses.
- JASPERS (Joint Assistance to Support Projects in European Regions): offers technical assistance to 12 members states that joined the European Union between 2004 and 2007.

In 2013, the Regulation on European Social Entrepreneurship Funds (EuSEF) was established to create a label so that investors were able to easily identify funds that invest in European social businesses. Provided funds meet certain criteria, social enterprise funds will be able to use the new label and market their funds across Europe. In order to use the label, social enterprise funds must ensure that at least 70 per cent of their funds are:

> invested in businesses whose primary aim is either to provide goods and services to vulnerable, marginalised, disadvantaged or excluded people; use a method of production of goods and services that embodies its social objectives or provide financial support only to social businesses that are trying to achieve those ends (European Commission, 2014i: 106).

Under these new regulations, organisations using the European Social Entrepreneurship Fund label are required to measure the social impact of their funds and ensure profits distributed to investors do not undermine the objectives of the social business supported. European Social Entrepreneurship Funds can also only invest in social businesses that do not currently have access to capital markets to fund their operations or growth.

Following the launch of a Taskforce for a European Social Investment Facility, the European Investment Fund also established the Social Impact Accelerator – the first public-private partnership supporting social enterprises. The Social Impact Accelerator invests in social impact funds targeting social enterprises across Europe. The aim of the initiative is to address the emerging need for social enterprises to access equity finance. The European Investment Fund rationalised the initiative by highlighting the increasingly prevalent role of social enterprises in tackling social exclusion and promoting alternative forms of employment for 'disadvantaged' groups. The Social impact Accelerator is considered to be the first step in cultivating a sustainable funding market for social enterprises across Europe. It is hoped this will be achieved by developing a financial market infrastructure that supports the operation of organisations seeking a social impact. The Social Impact Accelerator is currently seeking to support funds that, in addition to financial return targets, also pursue explicit social impact investment targets through their portfolio of investments. Whilst the European Investment

Bank manages it, the scheme is also jointly funded by Crédit Coopératif and Deutsche Bank. Thus far, 53 million euros have been dedicated to the accelerator. For the purposes of the scheme, the European Investment Bank has also developed its own specific definition of social enterprises and methodological approach to measuring social impact. The following social impact funds have received support: Social Venture Fund II, Bridges Social Impact Bond Fund, Impact Partenaires III, Impact ventures UK, Ottre II.

The European Commission has also undertaken a public consultation on crowdfunding to identify opportunities and costs associated with this emerging form of finance. As well as a form of social innovation in itself, this funding model also opens up economic space for social innovation projects. In 2014, the European Commission published a Communication that sets out a number of measures to encourage growth of this form of finance. This included establishing an expert group on crowdfunding to provide advice and expertise to the Commission, raising awareness of crowdfunding and its benefits and mapping national regulatory developments to support, where possible, an optimal functioning of the internal market (European Commission, 2014k). The European Commission has also supported a number of crowdfunding stakeholder forums.

As awareness around the needs, opportunities and challenges facing social innovation organisations increases, the European Commission has responded accordingly. The European Commission is, via research and public consultation, exploring the changing financial needs of the social economy and either providing funds for capacity building and social innovation projects, or opening access to private and larger capital markets for organisations engaged in social innovation through regulation or market infrastructure.

Identifying and disseminating barriers and best practice

Since 1998, the European Union has invested a significant amount in research and development to enhance the capacity, environment for and impact of social innovation. As acknowledged by the European Commission:

> Among the many factors that are hindering the development of social innovation, the first in the chain of specific difficulties met by social innovators is insufficient knowledge about the sector, its characteristics, needs and contribution to the economy and well-being (European Commission, 2014i: 110).

To overcome this problem, the European Union's Framework Programmes have explicitly focused on areas directly relevant to social innovation. These Framework Programmes underpin European research policies and strategies to realise the social, economic and political objectives of the European Union. Framework Programmes have historically supported research and technological development. However, the latest Framework Programme 'Horizon 2020' also identifies innovation as a priority alongside research and technological development. According to a review of EU-funded research on social innovation, there appears to be two types of research funded by the European Union (European Commission, 2013j: 31). The first body of research tends to treat social innovation as an independent variable where it is defined in a number of different ways and may be delivered by actors, networks and/or organisations in the private, public or third sector. This body of research focuses on the capacity and potential for social innovation to address social, economic, cultural and political challenges faced by the European Union. In this sense, social innovation is very much considered more of a means than an end – a process or tool to execute strategic objectives. The second body of research tends to focus on the conditions, characteristics and processes that shape the character and extent of social innovation. These projects focus on the role of actors, networks, organisations and institutions that can either inhibit or foster social innovation.

Between 1998 and 2002, the Fifth Framework Programme funded 4 projects relevant to social innovation. These included research projects on the relationship between social innovation, governance and community building (SINGOCOM) and research on the socioeconomic performance of social enterprises in the field of work integration (PERSE). Between 2002 and 2006, the Sixth Framework Programme funded 6 projects related to social innovation. These projects focused on areas such growing inequality and social innovation (KATARSIS) and the role and potential of the education system in contributing towards social cohesion (INCLUDE-ED). Between 2007 and 2013 there was a step-change in the focus of and approach to the Seventh Framework Programme. During this period, there was increased interest in social innovation and the funding available to the humanities and social sciences. Under FP7, a total of 24 projects relevant to social innovation were funded. This included welfare innovations at the local level (WILCO), the theoretical, empirical and policy foundations for building social innovation (TEPSIE) and public-private services innovation (SERVPPIN). A great deal of this research has focused on identifying barriers to social innovation but also best practice, policy transfer and the scaling up of social innovation. In 2012, the European Commission stated that more needed to be done to understand the economic underpinnings of social innovation:

> Although social innovation has become an important policy instrument, we lack systematic research about how markets, public sector and institutions (including incentives, norms, legal provisions) work for those groups of society which are marginalised and/or in a poor economic position (including the unemployed, the elderly, women, non-educated persons, and young people (European Commission, 2012a: 13).

As such, there has been an increasing focus on how policy and practice can facilitate social innovation. In this respect, Creating Economic Space for Social Innovation (CRESSI) is very much a response to this gap in research and knowledge. In the last three years of FP7, the budget for research on social innovation increased from €4 million in 2011 to €12 million in 2013 (European Commission, 2014i: 126). Between 1998 and 2013, the European Union funded a range of research projects relevant to social innovation and public sector innovation including:

- BENISI - Building a European Network of Incubators for Social Innovation
- EFESEIIS - Enabling the flourishing and evolution of social entrepreneurship for innovative and inclusive societies
- ITSSOIN - Social Innovation and Civic Engagement
- PUBLIN - Innovation in the Public Sector
- SEFORIS - Social Enterprise as Force for more Inclusive and Innovative Societies
- SI-DRIVE - Social Innovation – Driving Force of Social Change
- SIMPACT – Boosting the Impact of Social Innovation in Europe through Economic Underpinnings
- Third Sector Impact (TSI) – The Contribution of the Third Sector to Europe's Socio-economic Development
- TEPSIE - Theoretical, Empirical and Policy Foundations for Social Innovation in Europe
- TRANSITION -Transnational Network for Social Innovation Incubation
- Web-Cosi - Web COmmunities for Statistics for Social Innovation

- COCOPS - Coordinating for Cohesion in the Public Sector of the Future
- INNOSERV - Promoting Innovation in Social Services
- LIPSE - Learning from Innovation in Public Sector Environments
- PASHMINA - Paradigm shifts modelling and innovative approaches
- SELUSI - Social Entrepreneurs as 'Lead Users' for Service Innovation
- ServPPIN – Services and Public-Private Innovation Networks
- SIMPATIC – Social Impact Policy Analysis of Technological Innovation Challenges
- SOCIAL POLIS - Social Platform on Cities and Social Cohesion
- TRANSIT - TRANsformative Social Innovation Theory
- WILCO - Welfare Innovations at the Local level in favour of COhesion
- ImPRovE - Poverty Reduction in Europe: Social Policy and Innovation
- CITISPYCE - Combating inequalities through innovative social practices of, and for, young people
- GRINCOH - Growth, Innovation, Competitiveness: Fostering Cohesion in Central and Eastern Europe
- PERSE - The Socio-Economic Performance of Social Enterprises in the Field of Integration by Work
- SocIEtY - Social Innovation – Empowering the Young for the Common Good
- WWWFOREUROPE - Wealth, Welfare and Work for Europe
- Katarsis – Growing inequality and social innovation: alternative knowledge and practice in overcoming social exclusion in Europe
- Singocom - Social Innovation, Governance and Community Building
- Conscise – Contribution of Social Capital in the Social Economy to Local Economic Development in Western Europe
- INCLUD-ED – Strategies for Inclusion and Social Cohesion in European from Education
- LLL2010 – Towards a Lifelong Learning Society in Europe: the contribution of education system
- CRESSI – Creating Economic Space for Social Innovation

Horizon2020 is the current research and innovation Framework Programme from 2014 to 2020. Social innovation is a key feature of this programme and the call under *Societal challenge 6: Europe in a changing world: inclusive, innovative and reflective societies.* For 2014-15, the main multiannual work programme focuses heavily on social innovation and we can therefore anticipate a substantial body of research emerging in this area over the coming years. In a recent review of EU-funded social innovation research, the European Commission concluded that there was a poor connection between policy, practice and research in relation to social innovation (European Commission, 2013j). In response, a specific action is being supported to create a stronger network and community of researchers, practitioners and policymakers working in the arena of social innovation.

Beyond the primary funding streams that support research on social innovation, the European Union also directly commissions research of its own. For example, a recent map of social enterprises and their eco-systems was funded as one of the key actions of the Social Business Initiative to identify enablers and barriers to social innovation and social entrepreneurship. This significant body of research sought to identify social enterprises, their specific characteristics and business models, the legal and regulatory frameworks that affect them, the public policies and investment markets that support them and identify emerging issues in the social enterprise eco-system.

Despite the social and economic benefits of employee financial participation and employee shared ownership, the European Commission has noted that employee shared ownership schemes are under-utilised across Europe. With the exception of countries such as France and the UK, these financing and ownership models are not very common. The Commission Action Plan on European Company Law and Corporate Governance stated the European Commission would identify the reasons for this and the potential barriers to employee financial participation. Subsequently, the European Commission has launched an initiative to promote employee ownership and participation and adopted a resolution outlining guidelines and recommendations for EU member states to adopt in order to foster employee financial participation including employee shared ownership schemes.

As part of the Single Market Act II, the European Commission has also established a Social Impact Measurement sub-group that has committed to developing 'a methodology to measure the socio-economic benefits created by social enterprises. The development of rigorous and systematic measurements of how social enterprises impact on the community, while not smothering them in red-tape, is essential to demonstrate that the money invested in social enterprises yields high savings and income' (European Commission, 2012b: 16). These sorts of investments and commitments in knowledge and research demonstrate the European Union's commitment to social innovation as a means by which to realise their strategic objectives but also to enhance understanding and knowledge surrounding the conditions that shape the character and extent of social innovation.

Supporting participatory and grass roots social action

In recent years, the European Union has developed a range of initiatives to support participatory methods in the development, implementation and evaluation of public policy as well as grass roots social action. As a fundamental process and objective of social innovation, the European Commission has committed to 'fostering creative policy thinking at system level through forward-looking, inspiring and complementary strategic initiatives at grassroots levels, and on encouraging sectoral stakeholder participation' (European Commission, 2014i: 193). The European Union has regularly undertaken consultations to explore the attitudes and experiences of stakeholders, reflecting upon and incorporating lessons into future policymaking processes and strategic objectives. As previously stated, the European Commission has recently undertaken a substantial stakeholder consultation on the Europe 2020 strategy that appears to treat social innovation as an intrinsically participatory process:

> an innovative society offers conditions for social innovations to emerge and in return, social innovations reconfigure the common culture, structures and relations to suggest different approaches and the choice of new priorities which reinforce the innovative society (BEPA, 2010a: 28).

Stakeholder engagement and collective action are a key part of this process where the involvement of target groups helps determine the structure of institutions, communities and social relations. The European Union has attempted to encourage participatory methods as an approach to domestic policymaking and embed it in networks and organisations engaged in social innovation. For example, community-led local development is a key investment priority for the European Structural and Investment Funds under the thematic objective of Promoting Social Inclusion and Combating Poverty. Within this context 'community' refers to local residents and beneficiaries but also civil society organisations, social enterprises, private businesses, and local and public authorities such as police, health and education services (European Commission, 2014a). The European Commission identifies these actors and organisations as key to mobilising specialist skills, knowledge and resources best able to identify local problems and solutions. Projects and activities funded under the European Structural and Investment Fund are encouraged to incorporate community stakeholders into the design and implementation of measures tackling marginalisation. This encourages local involvement and ownership and attempts to ensure that funds are used in a way that is responsive to local needs thereby improving strategic neighbourhood and local development. The European Union also runs a range of participatory leadership training events, stakeholder conferences and general meetings to improve strategic planning, project evaluation and inform the direction of programmes and activities (European Commission, 2014i: 135-137). A range of other measures include:

- The EU Youth Strategy (2010-2018) encourages young people to actively participate and contribute to all domains of the economy and society. The active involvement of young people is promoted across 8 fields of action: Youth and the Word, Health and Well-being, Creativity and Culture, Education and Training, Employment and Entrepreneurship, Volunteering, Participation and Social Inclusion. Initiatives such as the Structured Dialogue Forum enable peer learning and young people to shape the design and development of policies that affect them through continuous reflection on the priorities, implementation, and follow-up of European cooperation. Regular consultations with youth organisations and young people inform the direction and approach taken by EU funding instruments and activities in this regard.
- The European Year of Citizens 2013 was launched to champion the everyday rights of EU citizenship. This initiative encouraged debate and dialogue about what it means to be an EU citizen. By facilitating dialogue at all levels of civil society, business and government, the European Union is both supported and shaped by the active participation of individuals, communities and member states. Through constructive deliberation and consultation, the European Year of Citizens 2013 supported mutual understanding about the rights, policies and governance of the European Union.
- Amongst other things, the 'Europe for Citizens' programme offers funding to foster democratic engagement and civic participation across Europe between 2014 and 2020. The scheme aims to stimulate debate, reflection and networking. In addition, it aims to encourage the democratic and civic participation of citizens at Union level, by developing citizens' understanding of the Union policymaking process and promoting opportunities for societal engagement and volunteering at the Union level. The total budget for the programme is €186 million.
- Citizens' dialogues are meetings held across the European Union to encourage mutual dialogue and learning between European Commissioners and European citizens about topics and areas that matter most to them. These meetings are held in the format of town-hall debates with individuals, civil society organisations, trade unionists, businesses and community representatives engaged in debate.
- The EU Citizenship Portal offers a wide range of information about the rights of EU citizens, volunteering opportunities and organisations and details about Your Voice in Europe. This offers a single access point to a wide variety of consultations, discussions and other tools, which enable EU citizens to play an active role in the EU policymaking process.
- Introduced in 2011, the European Citizen's Initiative enables EU citizens to advance motions for consideration to the European Commission to make a legislative

> proposal. These motions can be far reaching provided the European Union has the competence to legislate. A citizen's initiative has to be backed by at least one million signatories across 7 EU member states. Very few initiatives are currently live and a recent review of the initiative acknowledged significant obstacles to the effective functioning of the scheme.

In 2010, the Bureau of European Policy Advisers argued that 'innovations that involve beneficiaries in design and diffusion processes are better placed to ensure that they address their needs and produce positive and potentially significant impacts on their empowerment' (BEPA, 2010a: 58). Since then, the European Union has made significant efforts to encourage stakeholder engagement, co-production and participatory initiatives and processes.

Training, networks and support

Many of the activities that characterise or contribute towards social innovation are small-scale and localised. To realise the potential of social innovation, actors and organisations require institutional sponsorship and support. The Bureau of European Policy Advisers suggest that the:

> field of social innovation remains fragmented and there is a need for more developed networks as well as innovation intermediaries for brokering the connections needed to nurture and scale up innovations (BEPA, 2010a: 9).

The European Commission has made substantial investments to establish networks, organisations and activities that develop the scale and capacity of social innovation. These measures are designed to offer training, networking opportunities, incubation and non-financial support that nurtures social innovation across Europe:

- Launched in 2011, the Social Innovation Europe initiative facilitates a virtual community of stakeholders engaged in or contributing towards some measure of social innovation. Funded by the DG Enterprise and Industry, Social Innovation Europe works to connect policymakers, entrepreneurs, academics and the third sector with other innovators. The online platform enables users to access and share the latest news, research, and information to support actors engaged in aspects of social innovation. In many respects, Social Innovation Europe has 'become the reference for anyone wanting to participate, share or research social innovation in the EU' (European Commission, 2014i: 113).
- The SIE initiative is lead by Social Innovation Exchange but is run by a consortium of social innovation partners. The initiative also publishes research and policy recommendations and hosts a series of events to develop partnerships between social innovators across Europe.
- Between 2013 and 2016, BENISI (or 'Building a European Network of Incubators for Social Innovation') and TRANSITION (or 'Transnational Network for Social Innovation Incubation') will assess, provide support and scale up hundreds of social innovations. These initiatives will provide new knowledge and methods that will contribute towards the scaling up of social innovations that are successful on a small scale but have great potential. By consolidating lessons, knowledge and methods, it is hoped these initiatives will have lasting effects on social innovation across Europe. The BENISI consortium is made up of project partners based across EU member states bringing together the interests, expertise and concerns of the third sector, public

sector and social economy. The initiative is lead by a research and development consultancy specialising in social and open innovation. As a ‘network of networks’, this initiative aims to increase the capacity of social innovators by supporting small and locally successful social innovations through incubation services and support. BENISI aims to identify and highlight 300 of the most promising, impactful and employment-generating social innovations by developing the tools and conditions for social innovations to be transferred and adopted in other European localities. These tools and conditions include providing the infrastructure for knowledge sharing based around geographical clusters, flexible skills and methods for different types of scaling and developing an open network structure to allow diverse stakeholders to participate. Similarly, the TRANSITION consortium is designed to develop a network of established partners within the fields of innovation-based incubation and social innovation. The consortium will also identify the methods and processes by which incubation and scaling social innovation are most successful given the target group or contextual factors shaping it. TRANSITION is made up of scaling centres based across Europe and coordinated by the European Business and Innovation Centre. Throughout the course of the initiative, a diversity of incubation strategies will be tested, analysed and shared. Scaling centres will explore and identify social innovations to be scaled and incubated in other contexts.

- As part of the URBACT programme, over 250 cities are being supported to embrace integrated urban development. The programme aims to increase the capacity for policy design, delivery and implementation whilst building and sharing knowledge about innovative interventions and solutions to societal challenges. URBACT is particularly focusing on innovative projects supported through the European Structural and Investment Funds.
- As well as supporting participatory and grass roots social action, the Collective Awareness Platforms for Sustainability and Social Innovation facilitate the development of networks of mutual support. Focused on participatory internet-based collaboration and the engagement of grassroots communities, these platforms combine the power and dynamism of social media with knowledge creation and exchange to create social innovations. The platforms encourage collaboration and experimentation in social innovation to provide collective solutions to collective pressing social and policy needs. The coordination and support actions backed in the most recent call focus on impact assessment, increasing trust in collectively generated statistics, increasing visibility and awareness of the ‘network effect’ and promoting new collaboration models.
- In the EU strategy for Corporate Social Responsibility (2011-14), the European Commission committed to the creation of ‘multi-stakeholder corporate social responsibility platforms in a number of relevant business sectors, for enterprises, their workers and other stakeholders to make public commitment on the corporate social responsibility issues relevant to each sector and jointly monitor progress’ (European Commission, 2011a: 9). Thus far, the only platform established focuses on the ICT sector – the Collective Awareness Platforms for Social Innovation and Sustainability discussed above. The overall purpose of the network is to encourage and enable ICT companies to adopt corporate social responsibility policies in partnership with other relevant stakeholders.

Raising the profile of social innovation

To identify and raise awareness of the conditions under which social innovation flourishes, it is necessary to map the achievements and potential of the sector. Only once this has been done, can public and private instruments be used to effectively develop the capacity and impact of social innovation. The European Commission has introduced a range of measures to raise the profile of social innovation. These are designed to reward activities that creatively respond to societal challenges whilst also recognising and supporting social innovators from various fields and different backgrounds.

The Social Innovation Competition is one such example. Launched in 2012, the annual competition aims to directly support projects and activities that exemplify best practice in social innovation – that is, social innovation that is social in both its means and ends. Winners of the annual competition receive prize money, exposure and networking opportunities as well as mentoring support. The competition is designed to strengthen the social innovation community and provides evidence that social innovation can lead to substantive societal change and impact. Equally it encourages mutual learning, exchange and policy transfer to help social innovation flourish across Europe. The focus and criteria of the annual competition changes each year and the judging panel is made up of different actors engaged in aspects of social innovation. The first competition focused on social innovation solutions to help people move towards work or into new types of work. This included unlocking or tapping people's talent, creating or shaping new markets and enabling people to start or grow successful new businesses. More than 600 entries were received and the total prize money for each winner was €20,000. Similarly, the second competition called for solutions that had a real impact on helping unemployed people get jobs or creating new opportunities for work. The competition further specified increasing the quality of employment in relation to the earnings and employment of disadvantaged or marginalised groups. More than 1,200 applications were received with prize money of €30,000 for each winner. The competition was only initially planned to run for two years but due to the success and popularity of the competition it has been extended for another three years with increased funds. In the latest round of the competition, there is a new theme and focus for activities exploring 'New Ways to Grow'. The judging panel will be judging entries based on their capacity to challenge the assumption upon which economic growth is usually conceived, question supply chains, production and delivery modes and provide new solutions and approaches to societal challenges. This is perhaps the broadest and most inclusive conception of a social innovation competition. The prize money is €50,000 for each winner.

Since 2012, the European Investment Bank Institute has organised a Social Innovation Tournament each year. This tournament is designed to reward and sponsor entrepreneurs from the EU whose primary purpose is to generate a social, ethical or environmental impact. Shortlisted projects tend to focus on activities and projects tackling a cause or consequence of social exclusion and/or unemployment. This includes projects improving health and education outcomes, as well as boosting employability and supporting disadvantaged communities. First and second prizes are €25,000 and €10,000, respectively, whilst there is also a special category prize of €25,000. The tournament is structured in such a way that it provides networking and mentoring opportunities to all short-listed organisations and actors engaged in promising social innovations. Not only does the tournament have the capacity to raise the profile of social innovation in this regard, it also acts as a capacity building and incubation scheme for short-listed applicants.

Other initiatives include the Regiostars competition and the European Corporate Social Responsibility Awards. Since 2008, the Regiostars competition has identified and championed good practice in regional development to highlight original and innovative projects that inspire similar approaches in other regions. Rather than highlighting initiatives that show great promise, Regiostars recognises projects that have made use of European Structural and Investment Funds and have a more established social innovation project. Categories for recognition currently focus on 'smart growth', 'sustainable growth', 'inclusive growth', and 'transforming cities for future challenges'. In the EU strategy for corporate social responsibility 2014-2020, the European Commission committed to establishing a 'European award scheme for corporate social responsibility partnerships between enterprises and stakeholders' (European Commission, 2011a: 9). The initiative aims to champion and promote successful partnerships between business and non-business organisations, with a particular emphasis on collaborative programmes that tackle sustainability through innovation. Small and medium-sized enterprises and larger companies are both separately assessed on their partnerships for positive social and business impact. In the first round of the scheme there were 63 winners.

These measures demonstrate the broad-ranging commitment of the European Commission to encourage actors and organisations across all sectors and socio-structural levels to engage in aspects of social innovation. These initiatives raise the profile of social innovation and encourage others to coordinate action and resources in a way that 'addresses societal challenges in which the boundary between social and economic blurs and which are directed towards society as a whole' (BEPA, 2010b: 3).

(Other) Innovations in Social Policy

Whilst innovation in the public sector has been a recurring theme since the 1960s, there has recently been a marked interest in the concept and potential of public sector innovation amongst EU policymakers and practitioners. Within these circles, it has always been an enduring concern that public sector approaches and processes need to be modernised to increase their efficiency and efficacy (TEPSIE, 2014). The European Commission has more recently made an explicit commitment to instigate and embed innovation in the design, delivery and evaluation of public services. This is motivated by the principle objective to fulfil:

> the evolving needs and expectations of public service users against a backdrop of fiscal austerity, the public sector needs to innovate more than ever. More and more governments are embracing more citizen-centred approaches to service delivery. Many have launched e-government strategies aimed at moving existing services online, and beyond that to develop new internet-enabled services. At EU level it is important to develop a better understanding of public sector innovation, to give visibility to successful initiatives, and benchmark progress. Much will depend on creating a critical mass of public sector leaders who have the skills to manage innovation. This can be achieved through more sophisticated training, as well as opportunities to exchange good practice (European Commission, 2010a: 21-22).

As set out in the Social Investment Package, the European Commission supports social policy reform through financial assistance. In addition, through the framework of the European Semester, public authorities across EU member states are encouraged to realise the objectives of the Europe 2020 strategy but also act upon a number of actions and recommendations agreed by the Social Protection Committee to help reduce the number of people living in poverty and social excluded in Europe. The European Commission (2014g) has established a range of actions and milestones to strengthen the social investment approach through the European Semester, make the best use of EU funds to support social investment and streamline governance and reporting. Measures to instigate public sector innovation include a policymakers' manual for applying innovative approaches to long-term care provision, creating a knowledge bank and funding social policy innovation (European Commission, 2014g).

Through a variety of initiatives the European Commission aims to: increase collaborative models that incorporate stakeholders as partners in the policy process; encourage dialogue between policymakers and service users; coordinate between actors and organisations engaged in social innovation and create an optimised regulatory environment. Beyond the measures already discussed that contribute towards public sector innovation there are a range of other relevant initiatives:

- A number of events have been held to promote dialogue and mutual learning between public authorities, social innovators and public sector leaders. These include events such as the OPEN DAYS for regional policy and cities, conferences on social innovation and social policy experimentation and social policy innovation, the annual convention of the European Platform against poverty and social exclusion and the innovation convention.
- In 2013, the European Commission launched the European Prize for Innovation in Public Administration. The purpose of the scheme was to champion the most innovative, forward-looking public initiatives that benefit citizens, enterprises and the education and research sector. Overall, 9 initiatives were identified as winners based on their economic impact, their relevance to challenges facing society, their originality and replicability and their plans for using the prize money. Each winning initiative was awarded €100,000.
- Run by the European Commission, the European Capital of Innovation 'iCapital' Award recognises and supports public authorities that are promoting innovation to improve the life of citizens in their locality. The purpose of the competition is to celebrate the European city that is building the best 'innovation ecosystem' that connects citizens, public organisations, academia and businesses. For the next round of the competition, first prize is €950,000, second prize is €100,000 and third prize is €50,000. This money is to be re-invested in innovation coordinated by the successful city government.
- The Bureau of European Policy Advisers convened a high-level seminar on public sector innovation in 2013. Following the event, a report was published with a set of policy recommendations that, if implemented, were believed to 'set a global standard for the public sector' (European Commission, 2013e: 8). These recommendations focus on actions to improve the management and ownership of innovation processes, address the practical empowerment of innovation actors, increase the public sector innovation knowledge base and provide clear benchmarks to foster further innovation.
- The European Public Sector Innovation Scoreboard pilot is one such mechanism designed to assess the innovation performance of the public sector across Europe. The Scoreboard was published in 2013 and was designed to encourage and facilitate

innovation activity across the public sector. It also made it possible to benchmark member states against one another.

- In collaboration with the Organisation for Economic Co-operation and Development, the European Commission has also launched the Observatory of Public Sector Innovation, which collects and analyses examples of public sector innovation to provide member states the opportunity to access information on innovations, share experiences and practical advice and collaborate with other users.
- The European Commission has published a number of guides on social innovation (European Commission, 2013b) and social policy experimentation (European Commission, 2012c). These were produced to help local, regional and national actors to programme social innovations in European Structural and Investment Funds and help policy-makers embarking on social experimentation more generally. These guides detail basic principles, methodologies and step-by-step approaches to public sector innovation as well as tips, recommendations and costed policy options.
- The Young Advisors initiative provides a format and platform for young innovators to shape ICT policy in Europe. The European Commission claims the initiative bridges a gap between young people's expectations and current ICT policies. Similarly, Futurium encourages dialogue between policymakers and stakeholders to crowd-source policy insights for new sources of growth and jobs in the digital economy.
- As one of the key elements of the Innovation Union flagship initiative, European Innovation Partnerships are a new approach to European Union research and innovation. The partnerships involve stakeholders at the European, national and regional level across the public, private and third sector to address specific challenges facing the EU. These partnerships are challenge-driven and bring together relevant actors to fulfil well-defined goals across and within policy arenas. They aim to encourage a cross-sectoral, multi-level approach to policy design and implementation. The partnerships promote increased research and development, coordinated investments in demonstrations and pilots, fast-tracked regulations or standards and improved public procurement to ensure breakthroughs are quickly 'brought to market'. There are currently five partnerships that focus on Active and Healthy Ageing, Agricultural Sustainability and Productivity, Smart Cities and Communities, Water and Raw Materials.
- The Open Innovation Strategy and Policy Group is a consortium of industrial groups, academics, public authorities and private individuals that work closely with the European Commission to support policies for open innovation. The policy group encourages collaborative innovation that directly involves citizens in the innovation process. The group offers recommendations on various open innovation actions and approaches to industry and to other innovation partners. One such example of open innovation is the Living Labs supported by the European Commission. Living Labs are real-life test and experimentation environments where users and producers co-create innovations. The European Commission describes them as Public-Private-People Partnerships (PPPP) for user-driven open innovation. Stakeholders at different socio-structural level are involved in the co-production, exploration, experimentation and evaluation of social innovations.
- Since 2007, the European Institute of Public Administration has run a European Public Sector Award Scheme on a biennial basis. The European Public Sector Award

2015 aims to recognise and reward public authorities that embrace integrated and participatory governance approaches to public service delivery. Public administrations that increase efficiency and effectiveness through innovative public management, leadership and co-production are prioritised for consideration. The European Institute of Public Administration hopes to create a network of public sector excellence from the competition.

- Finally, the Flash Reports published by the European Social Policy Network showcase examples of best practice and innovations that modernise public services to increase their efficiency and effectiveness.

Conclusion

Having reviewed the broad-ranging and substantial investments made, it is clear that social innovation is a key strategic and policy interest for the European Union. Particularly since 2008, there has been a notable shift in how the European Union conceptualises societal challenges and the potential role of different private and public actors in meeting social and economic needs. Across the dominant EU policy frameworks, social innovation is repeatedly cited as a means and end to meeting social needs within the context of resource scarcity. From this it is clear, the European Union and its attendant administrative bodies have championed the potential for actors and organisations engaged in social innovation to strengthen the social dimensions of the economic and monetary union (European Commission, 2013k). However, in a number of important respects, there is a fissure between the ideals and high-level strategies articulated by the European Union and the policy instruments and mechanisms by which public authorities have attempted to foster social innovation.

The European Commission has gone to significant efforts to improve the regulatory and legal framework that social innovators operate within. It has sought to reduce the administrative and bureaucratic burden for organisations engaged in social innovation and enhance their competitive advantage in bidding for public sector contracts. Many of these regulations enable contracting authorities to *consider* rather than *attend to* social value and quality when it comes to commissioning a public service or good. It remains to be seen then whether social innovation organisations have a genuine or theoretical competitive advantage. Despite low uptake, labels and certifications systems have been introduced to support social innovators working across EU member states. These are designed to support social innovations across EU member states. Given the small-scale and localised level of most social innovations (Murray et al., 2010), only social innovations that are more fully developed are likely to benefit from such regulation.

Through funding instruments such as the European Structural and Investment Funds, the European Commission has sought to ring-fence financial support for social innovation and tackling social exclusion. Despite social innovation being identified as an investment priority, there has been an overall reduction in funding available compared to the previous programming period and Multi-Annual Financial Framework (2007-2013). There has also been a slight reduction in appropriations relative to EU Gross National Income. In certain instances, member states are encouraged to support social innovation through the use of the European Regional Development Fund but are not required to demonstrate how exactly they have achieved this. However, new regulations oblige member states to report on this in future. The European Social Fund has also placed a particular emphasis on social experimentation and public sector innovation to tackle pressing social need. Crucially, this emphasis tends to operate within the confines of work integration, employment and activation policies. Similarly to many of the initiatives funded under the Programme for Employment and Social Innovation, the concept and potential of social innovation is only accommodated and supported in a way that is financially and or strategically valued by EU public bodies and activities. In spite of the expansive definition endorsed by the European Commission, operating within the confines of established institutions and cognitive frames limits the impact of public support for social innovation.

This makes the role of social investment, microcredit and microfinance particularly important if actors and organisations are to protect the integrity and character of social innovation. Without it, actors and organisations are only able to access support, funding and guidance within the ambit that the European Union currently values. At present, social investment and social impact finance markets are under-developed at the EU level. Through the Social Impact Accelerator and the Progress Microfinance and Social Entrepreneurship Facility, the European Union is trying to open up access to financial capital. In addition, the European Commission has also explored and championed the value of innovative funding models such as crowdfunding and employee financial participation. However, the level of investment is relatively small compared to established funding instruments.

The European Commission has supported a wide-ranging body of research that seeks to identify barriers to social innovation as well as identify measures and instances of best practice. This body of research can be used as an evidence-base to make the case for future interventions but also inform future policy direction. The Commission has also supported applied networks, capacity building, incubation, peer learning, knowledge exchange and networking.

These efforts are not only intended to support private actors and organisations engaged in social innovation, but also to encourage public sector innovation so that public authorities are better able to meet the evolving needs and expectations of public service users. The definition of social innovation endorsed by the European Commission promotes the active participation and empowerment of European citizens as a source of and outcome of wellbeing. The European Union has attempted to encourage participatory methods as an approach to domestic policymaking and embed it in networks and organisations engaged in social innovation. However, consultations on existing strategies tend to be more commonplace than initiatives that enable citizens to actually set the social and economic agenda themselves. As such, activities and measures designed to support social innovation tend to be imposed rather than co-constructed by stakeholders at different socio-structural levels. Whilst it is clear that EU public authorities value the means of social innovation, there is less cognitive space and institutional support for the ends of social innovation. At present, those experiencing marginalisation and practitioners engaged in social innovation are to some degree subject to the ends the European Union deems valuable in scaling social innovation.

Despite significant investments and progress made to embed public sector innovation and foster social innovation more generally, there is, on occasion, a mismatch between the strategic objectives of the European Union and the measures taken to realise these ambitions. This mismatch arises from the tensions and limitations inherent in any social innovation that is supported by existing institutions that are the product of, or have a significant bearing on, socio-structural dynamics, power relations and cognitive frames. Within this context, social innovation is often only supported within the parameters deemed strategically and financially valuable by the European Union. Where the ideals and ends of social innovation jolt too strongly with the competing priorities of the European Union, it appears its underlying ideals are either lost in translation or sacrificed to countervailing concerns. The blurring of the boundary between the social and economic against the backdrop of fiscal austerity is particularly troubling in this regard.

EU policy documentation and rhetoric uses the term social innovation interchangeably to refer to a very broad range of activities, processes and outcomes. Very often, the term social innovation is used in a way that does not accurately represent the phenomenon or definition endorsed by the European Commission. Post-hoc identification and justification of initiatives makes it particularly difficult to track social innovation, and in particular, the effect of EU public policy purportedly designed to support it.

Bibliography

Beckert, J. 2009. The social order of markets. *Theory and society,* 38**,** 245-269.

Beckert, J. 2010. How do fields change? The interrelations of institutions, networks, and cognition in the dynamics of markets. *Organization Studies,* 31**,** 605-627.

BEPA 2010a. Empowering people, driving change: Social innovation in the European Union. Brussels: Bureau of European Policy Advisers.

BEPA 2010b. Social innovation as part of the Europe 2020 strategy. Brussels: Bureau of European Policy Advisers.

Bonoli, G. 2005. The politics of the new social policies: providing coverage against new social risks in mature welfare states. *Policy & Politics,* 33**,** 431-449.

Borzaga, C. & Bodini, R. 2014. What to Make of Social Innovation? Towards a Framework for Policy Development. *Social Policy and Society,* 13**,** 411-421.

Caulier-Grice, J., Davies, A., Patrick, R. & Norman, W. 2012. Defining social innovation: a deliverable of the project. *The Theoretical, Empirical and Policy Foundations for Building Social Innovation in Europe, European Commission - 7th Framework Programme.* Brussels: European Commission, DG Research.

Chen, Y.-F., Görg, H., Görlich, D., Molana, H., Montagna, C. & Temouri, Y. 2014. Globalisation and the Future of the Welfare State. *IZA Policy Paper No. 81.* Bonn: Institute for the Study of Labor.

Daly, M. 2012. Paradigms in EU social policy: a critical account of Europe 2020. *Transfer: European Review of Labour and Research,* 18**,** 273-284.

Dobbin, F. 1997. *Forging industrial policy: The United States, Britain, and France in the railway age,* Cambridge, Cambridge University Press.

European Commisison 2010. An Agenda for new skills and jobs: A European contribution towards full employment, COM(2010) 682 final. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Strasbourg: European Commission.

European Commission 2004. On the promotion of co-operative societies in Europe, COM(2004)18. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.

European Commission 2010a. Europe 2020 Flagship Initiative Innovation Union, SEC(2010) 1161. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.

European Commission 2010b. The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion, COM(2010) 758 final, SEC(2010) 1564 final. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.

European Commission 2010c. Youth on the Move: An initiative to unleash the potential of young people to achieve smart, sustainable and inclusive growth in the European Union. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.

European Commission 2011a. A renewed EU strategy 2011-14 for Corporate Social Responsibility, COM(2011) 681 final. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.

European Commission 2011b. Single Market Act: Twelve levers to boost growth and strengthen confidence "Working together to create new growth {SEC(2011) 467 final}.

Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions. Brussels: European Commission.
European Commission 2011c. Social Business Initiative: Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.
European Commission 2012a. FP7 Cooperation Work Programme 2013 Theme 8: Socio-economic sciences and humanities. *C(2012) 9371 of 14 December 2012.* Brussels: European Commission.
European Commission 2012b. Single Market Act II: Together for New Growth. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.
European Commission 2012c. Social Experimentation – A methodological guide for policymakers. Brussels: European Commission.
European Commission 2013a. EaSI: New EU umbrella programme for employment and social policy. Brussels: European Commission, Directorate-General for Employment, Social Affairs and Inclusion.
European Commission 2013b. Guide to Social Innovation. Brussels: Regional and Urban Policy Publications, Office of the European Union.
European Commission 2013c. Investing in Social Europe. Brussels: Directorate-General for Employment, Social Affairs and Inclusion.
European Commission 2013d. Multiannual financial framework 2014-2020 and EU budget 2014 figures. Luxembourg: Publications Office of the European Union.
European Commission 2013e. Powering European Public Sector Innovation: Towards a New Architecture. *Report of the Expert group on Public Sector Innovation.* Brussels: European Commission.
European Commission 2013f. Regulation (EU) No 1301/2013 of the European Parliament and of the Council on: the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006. *Official Journal of the European Union L347/289.* Brussels: European Commission.
European Commission 2013g. Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006. *Official Journal of the European Union.* Brussels: European Commission.
European Commission 2013h. Regulation (EU) No 1304/2013 of the European Parliament of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006. *Official Journal of the European Union.* Brussels: European Commission.
European Commission 2013i. Regulation of the European Parliament and of the Council on: specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal. *Official Journal of the European Union L347/259.* Brussels.
European Commission 2013j. Social innovation research in the European Union: approaches, findings and future directions -- policy review. Brussels: European Commission.

European Commission 2013k. Strengthening the social dimension of the economic and monetary union. *Communication from the Commission to the European Parliament and the Council., COM(2013) 690 provisoire.* Brussels: European Commission.
European Commission 2013l. Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020, COM(2013) 83 final. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.
European Commission 2014a. Community-led local development: cohesion policy 2014-2020. Brussels: European Commission.
European Commission 2014b. Directive 2014/24/EU of the European Parliament and of the council on 26 February 2014 on public procurement and repealing Directive 2004/18/EC. *Office Journal of the European Union,* L 94/65.
European Commission 2014c. Directive 2014/25/EU of the European Parliament and of the Council on 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC. *Official Journal of the European Union,* L 94/243.
European Commission 2014d. Europe 2020: Standard Eurobarometer 81. *Survey conducted by TNS opinion & social at the request of the European Commission.* Brussels: European Commission.
European Commission 2014e. The European code of conduct on partnership in the framework of the European Structural and Investment Funds. Brussels: European Commission.
European Commission 2014f. Implementation of the European Progress Microfinance Facility — 2013. *Report from the commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.* Brussels: European Commission.
European Commission 2014g. Policy Roadmap for the 2014 Implementation of the Social Investment Package. Brussels: Directorate-General for Employment, Social Affairs and Inclusion.
European Commission 2014h. Regional Innovation Scoreboard 2014. Brussels: European Commission.
European Commission 2014i. Social Innovation: A Decade of Changes. Luxembourg: Publications Office of the European Union.
European Commission 2014j. Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth, COM(2014) 130 final/2. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.
European Commission 2014k. Unleashing the potential of Crowdfunding in the European Union. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.
European Commission 2015a. Results of the public consultation on the Europe 2020 strategy for smart, sustainable and inclusive growth, COM(2015) 100 final. *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions.* Brussels: European Commission.
European Commission 2015b. Social policy innovation: meeting the social needs of citizens. Brussels: Directorate-General for Employment, Social Affairs and Inclusion.
Eurostat 2015. Europe 2020 Indicators: Poverty and Social Exclusion. *In:* Commission, E. (ed.) *Eurostat.* Brussels: European Commission.
Fligstein, N. 2001. *The architecture of markets: An economic sociology of twenty-first-century capitalist societies,* Princeton, Princeton University Press.
Granovetter, M. 1985. Economic action and social structure: the problem of embeddedness. *American Journal of Sociology*, 481-510.

Green, J. & Hay, C. 2015. Towards a New Political Economy of the Crisis: Getting What Went Wrong Right. *New Political Economy,* 20**,** 331-341.
Grimm, R., Fox, C., Baines, S. & Albertson, K. 2013. Social innovation, an answer to contemporary societal challenges? Locating the concept in theory and practice. *Innovation: The European Journal of Social Science Research,* 26**,** 436-455.
Grisolia, F. & Ferragina, E. 2015. Social Innovation on the Rise: yet another buzzword in times of austerity? *Salute e Società,* 1**,** 169-179.
Heiskala, R. 2007. Social innovations: structural and power perspectives. *In:* Hämäläinen, T. J. & Heiskala, R. (eds.) *Social innovations, institutional change and economic performance.* Cheltenham: Edward Elgar.
Jenkins, S. P., Brandolini, A., Micklewright, J. & Nolan, B. 2012. *The Great Recession and the distribution of household income,* Oxford, Oxford University Press.
Jenson, J. 2012. Social innovation: gadget, concept or mobilizing idea? *RC19 Anual Conference.* Oslo, Norway.
Langergaard, L. L. 2014. Social Entrepreneurship and Capitalist Crisis. *Nordicum-Mediterraneum,* 9.
Mann, M. 1986. The Sources of Social Power, Vol. I: A History of Power from the Beginning to 1760 AD. Cambridge: Cambridge University Press.
Mann, M. 1993. *The Sources of Social Power, Volume 2: The Rise of Classes and Nation-States, 1760–1914,* New York, Cambridge University Press.
Mann, M. 2013. *Globalizations, 1945 – 2011. The sources of social power Vol. 4,* Cambridge, Cambridge University Press.
Monti, M. 2010. A new strategy for the single market at the service of Europe's economy and society. *Report to the President of the European Commission José Manuel Barroso.* Brussels: European Commission.
Mulgan, G., Caulier-Grice, J. & Pulford, L. 2010. Study on Social Innovation. *Paper prepared by the Social Innovation Exchange and the Young Foundation for the Bureau of European Policy Advisers.* London: Young Foundation.
Murray, R., Caulier-Grice, J. & Mulgan, G. 2010. *The open book of social innovation,* London, Nesta.
Nicholls, A. & Ziegler, R. 2014. An extended social grid model for the study of marginalisation processes and social innovation. *In:* Houghton Budd, C., Naastepad, C. W. M. & van Beers, C. (eds.) *Report on Institutions, Social Innovation & System Dynamics from the Perspective of the Marginalised. A deliverable of the project: "Creating Economic Space for Social Innovation" (CRESSI), European Commission – 7th Framework Programme.* Brussels: European Commission, DG Research and Innovation.
Nolan, B. & Whelan, C. T. 2011. *Poverty and deprivation in Europe,* Oxford, Oxford University Press.
Nussbaum, M. 2006. *Frontiers of justice: disability, nationality, species membership,* Cambridge, MA, Harvard University Press.
OECD 2011. Fostering Innovation to Address Social Challenges. http://www.oecd.org/science/inno/47861327.pdf OECD.
Oughton, C., Landabaso, M. & Morgan, K. 2002. The regional innovation paradox: innovation policy and industrial policy. *The Journal of Technology Transfer,* 27**,** 97-110.
Pol, E. & Ville, S. 2009. Social innovation: Buzz word or enduring term? *The Journal of Socio-Economics,* 38**,** 878-885.
Sen, A. 1992. *Inequality - Re-Examined,* Oxford, Clarendon Press.
Sen, A. 1999. *Development as Freedom,* Oxford, Oxford University Press.
SIE 2011. Financing Social Impact Funding social innovation in Europe – mapping the way forward. Brussels: Social Innovation Europe Initiative.
Sinclair, S. & Baglioni, S. 2014. Social Innovation and Social Policy – Promises and Risks. *Social Policy and Society,* 13**,** 469-476.
Taylor-Gooby, P. 2013. *The double crisis of the welfare state and what we can do about it,* Basingstoke, Palgrave Macmillan.

TEPSIE 2014. Growing the field of Social Innovation in Europe. *A deliverable of the project: "The theoretical, empirical and policy foundations for building social innovation in Europe" (TEPSIE), European Commission – 7th Framework Programme.* Brussels: European Commission.

Welter, F. & Smallbone, D. 2011. Institutional perspectives on entrepreneurial behavior in challenging environments. *Journal of Small Business Management,* 49**,** 107-125.

White, H. C. 2002. *Markets from networks: Socioeconomic models of production,* Princeton, Princeton University Press.

Zelizer, V. 1997. *The social meaning of money,* Princeton, Princeton University Press.

The CRESSI project explores the economic underpinnings of social innovation with a particular focus on how policy and practice can enhance the lives of the most marginalized and disempowered citizens in society.

"Creating Economic Space for Social Innovation" (CRESSI) has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 613261. CRESSI is a collaboration between eight European institutions led by the University of Oxford and will run from 2014-2018.

Contact person: Project Manager: cressi@sbs.ox.ac.uk

CRESSI Working Papers are published by the CRESSI Project and may be downloaded free of charge from the CRESSI website: www.sbs.ox.ac.uk/cressi

Creating Economic Space for Social Innovation